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What will become of post-Ayatollah Iran? Page 16

World News | Business Summary

Former PM attempts to oust Mahathir

Malaysia's first prime minister, Tunku Abdul Rahman, demanded the resignation of Prime Minister Mahathir Mohamad and announced a plan to revive the ruling Umno party, declared illegal by the High Court last week. Page 18

Nato call attacked

Soviet Defence Minister Dmitri Yazov criticised calls to build up Nato forces to compensate for the removal of US nuclear missiles from Europe and urged sharp cuts in what he said were equivalent conventional forces. Page 2

US-Panama probe

A Senate Foreign Relations subcommittee opened hearings on Panama which were expected to detail close ties between US government agencies and international drug cartels. Page 4

Soviet funds low

Soviet workers' pay increases and industry's failure to meet its financial targets had led to a shortfall in state funds and the late payment of workers' salaries, the head of the State Bank's money circulation department said.

Murdoch Post threat

New York Post publisher Rupert Murdoch threatened to close the newspaper in less than two weeks unless unions agreed to a 12 per cent pay cut so that he could sell it to property developer Peter Kalikow. Page 19

AIDS victims deported

South Africa had started deporting up to 1,000 black migrant workers who were carrying the AIDS virus, Health Minister Willie van Niekerk said.

Swedish strike ends

More than 9,000 Swedish white-collar technical and clerical workers returned to work after a three-week strike over pay which halted production at leading export companies and cost industry about SKr16n ($2.7bn). Page 2

Philippines toll

Communist guerrillas killed a government official in Manila and 11 other people died in a series of provincial attacks.

Minister quits

Australian Immigration Minister Mick Young resigned from parliament in a political row involving a donation to the ruling Labor Party. Hawke's woes, Page 3

Mafia trial ends

A year-long trial of Mafia gangsters ended in Milan with 13 defendants sentenced to life imprisonment and 86 others jailed for crimes including extortion, drugs trafficking and murder.

Seoul leader resigns

South Korean opposition leader Kim Young Sam surprised his followers and the public by announcing his resignation as chief of the country's largest opposition party. Page 18

W German air crash

Twenty-one people were killed when a West German commuter aircraft crashed near Muelheim after flying into a storm. Page 2

Barre for presidency

Former Prime Minister Raymond Barre announced he would be a candidate in French presidential elections due to be held in April and May. Page 2

Cardboard constables

Danish police said they were using cardboard cut-out policemen to discourage speeding drivers - with the result that offences had dropped by a third.

Hanson to sell US cement unit for $195m

HANSON, UK industrial conglomerate, has agreed to sell its Lucerne Valley cement plant in southern California to Mitsubishi Mining and Cement for $195m. The deal means that Hanson has recouped more than the $250m it paid for Kaiser Cement. Page 19

MARTINI AND ROSSI, international drinks group, launched a FFr917m ($160m) friendly counterbid for the French liqueur producer Benedictine. Page 18

J.P. STEVENS, US textiles producer, has received a leveraged buyout offer worth about $700m from a group of senior managers. Page 19

WALL STREET: The Dow Jones industrial average closed down 14.76 at 1,895.72. Page 40

TOKYO: Speculators dominated thin trading and the Nikkei average fell towards the close on profit-taking, ending 19.59 down at 23,771.60. Page 40

LONDON: Gilts and equities suffered heavy losses on fears of domestic inflationary pressures. The FT-SE 100 index dropped 43.3 to 1,694.5. Page 36

DOLLAR closed in New York at DM1.6995; Y128.95, SFr1.3905 and FFr5.7360. It closed in London at DM1.6950 (DM1.7066); Y128.65 (Y128.95); SFr1.3866 (SFr1.3905) and FFr5.7225 (FFr5.7300). Page 27

STERLING closed in New York at $1.7495. It closed in London at $1.7540 ($1.7565); DM2.9725 (DM2.9800); Y225.75 (Y226.25); SFr2.4300 (SFr2.4400) and FFr10.0375 (FFr10.0600). Page 29

CANADIAN PACIFIC, large Canadian conglomerate, more than doubled fourth-quarter operating earnings to C$190m (US$167m) or 66 cents a share from C$92m or 30 cents a year earlier. Page 19

SEA-LAND, US shipping line and part of the CSX Corporation, plans to operate the world's 12 biggest container ships on the Atlantic in partnership with P&O Containers of the UK and Nedlloyd of the Netherlands. Page 20

SCHNEIDER, French industrial group, said it had a 12.1 per cent stake in Télémécanique, electrical engineering group, for which it plans to bid for control. Page 20

DUN & BRADSTREET found Wall Street happy with its $1.66bn acquisition of IMS International even though the purchase will depress profits for some time. Page 19

NIPPON LIFE has displaced Prudential Insurance of the US as the largest life insurance company in the world measured in terms of assets, according to the Japanese company. Page 21

TURKISH government started its privatisation programme with the issue of shares in telecommunications equipment maker Teletas on the revamped Istanbul stock exchange on February 29. Page 20

SHAREHOLDERS with about 26 per cent of Audet, the Dutch newspaper chain, are opposing the Fl 260m ($136.8m) agreed bid for the company from VNU, the biggest publisher in the Netherlands. Page 20

ASHTON MINING, Australian diamond producer, said that the market value of its securities investments by the end of 1987 was more than halved from the level at which the company was carrying them in its books. Page 21

LTV, bankrupt industrial conglomerate which includes the second-biggest US steelmaking company, made a net profit of $141m, or $1.17 a share, in the last quarter, against a year-earlier loss of $470m. Page 19

BERNARD ISAUTIER, president of Canada's Polysar Energy & Chemical, is fighting to thwart the efforts of Nova, Canadian energy and petrochemicals group, from taking his company over. Page 19

Waldheim shrugs off pressure of war record report

MR KURT WALDHEIM indicated last night that he intended to stay on as Austrian President despite a critical report about his wartime past, writes Judy Dempsey in Vienna. But the report by a commission of historians is expected to raise powerful questions about Mr Waldheim's future.

The commission investigating his war record found that he knew about war crimes, although it did not find that he committed any.

In a confident appearance on television last night, Mr Waldheim said the commission showed that he was not personally guilty of crimes. "Knowledge is not a crime," he added.

Indicating his determination to stay in office, he said the report had "no consequences" for him.

Mr Franz Vranitzky, the Austrian chancellor, on the other hand appeared worried in a television interview, and when asked whether the historians' report would end discussion about Mr Waldheim's wartime past, he replied bluntly: "No."

The television appearances of the Austrian leaders climaxed a day marked by a bizarre series of cancelled meetings, wildly conflicting rumours and chaotic scenes in Austria's corridors of power.

The eminent historians' 200-page report, which was commissioned by the Austrian government and took five months to complete, was delivered yesterday to Mr Vranitzky amid widespread suggestions that the contents had been doctored at the last moment under government pressure.

Mr Vranitzky, who cancelled a late afternoon press conference without explanation as hundreds of journalists milled about his offices, said of the document: "He (Mr Waldheim) is not accused of any personal guilt, but there are very critical elements in the report about his activities." It was too early to assess the document's political consequences, the Chancellor added, enigmatically.

Mr Hans Rudolf Kurz, chairman of the commission, said Mr Waldheim, a former UN Secretary-General, was in a "central" position during his war service in Yugoslavia and Greece and that "he knew a lot".

Mr Manfred Messerschmidt, a West German member of the commission, said Mr Waldheim had knowledge of atrocities in his capacity as an intelligence officer. He denied that the report was a whitewash.

"The report will not prove that Waldheim was a war criminal," he said, adding: "There are certain questions" about his activities in Yugoslavia.

Part of the report, which was believed to discuss Mr Waldheim's moral responsibility for war crimes, was excluded from the final document. It was not clear why, though Mr Kurz denied that pressure had been exerted on the commission.

Mr Waldheim was elected president of Austria in 1986 despite the allegations against him. He always denied the allegations and when the historians' commission was set up, it was widely thought it might vindicate him. Although the historians' report has still not been made public, leaks indicate that it is more critical of Mr Waldheim than anticipated.

Report reaction, Page 2

Ford to lay off 2,500 Belgian workers as UK strike takes grip

BY CHARLES LEADBEATER IN LONDON

THE STRIKE by Ford Motor Company's 32,500 manual workers in Britain which yesterday shut its 22 UK plants, will today seriously disrupt the company's European operations.

The strike, which was supported unanimously even at plants which last week voted to accept the company's radical three-year wage offer, provoked angry exchanges in the British Parliament and unsettled the City of London. The Ford dispute strike is the latest in a wave of labour unrest involving nurses, seamen and miners, that has plagued Britain in recent weeks.

With Ford's UK operations losing production of 2,500 vehicles a day, worth £17m (about $30m) at showroom prices, 2,500 workers at Ford's plant at Genk, Belgium will be laid off today. The plant's Transit-van production line, which produces 270 vans a day, will be halted because the strike has stopped the supply of 2.5 litre diesel engines from Ford's plant at Dagenham in the UK.

The Genk plant's Sierra Estate production line will also be brought to a standstill, but workers will be redeployed to production on other models. The International Metalworkers Federation in Geneva predicted the other 8,500 workers on Genk's Sierra line will be laid off from the end of the week.

In addition, production at Ford-Werke's Saarlouis plant, West Germany, which manufactures Escort and Orion saloons, will today be cut from 1,350 vehicles a day to 800 because of shortages of UK supplied components, mainly engines from the Bridgend plant in South Wales.

The company said longer breaks and training courses for the 6,000 manual workers at Saarlouis would prevent lay-offs at the plant.

The UK Amalgamated Engineering Union predicted further disruption in West Germany. The union said Fiesta production at the company's Cologne plant, which employs 26,000, would be halved later this week.

Ford's smaller UK components suppliers could be seriously affected if the strike continues. The company said dealers had reasonably healthy stocks, although these had been affected by a combination of unofficial stoppages before Christmas and stronger than expected demand.

The strike, the first at the company since an eight week stoppage almost 10 years ago, follows the breakdown of talks on Friday over the company's three-year wage offer. Manual workers rejected the offer by 16,099 votes to 9,477 in ballots last week.

The offer, which was subsequently withdrawn by the company, would have increased basic pay rates by 7 per cent in 1987-88, with rises in the following years worth 2.5 per cent more than the inflation rate. The company also proposed far reaching changes to working practices, including the establishment of shop-floor work teams, led by group leaders, in which for the first time there would be a measure of interchangeability between skilled and unskilled workers.

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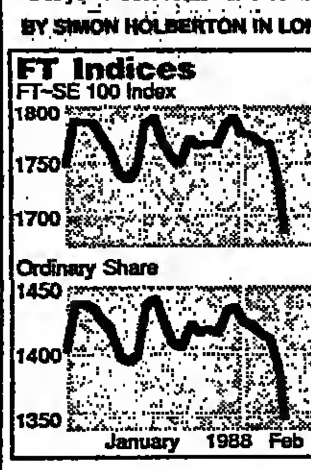
LABOUR UNREST UNSETTLES MARKETS

BY SIMON HOLBERTON IN LONDON



SHARE prices in London fell sharply yesterday as concern over the course of the Ford labour dispute and buoyant demand in the UK economy prompted fears of another rise in domestic interest rates.

Dealers and analysts said speculation of an imminent rise in bank base rates together with official figures released yesterday, showing strong retail sales growth and another big rise in consumer credit, heightened investor concerns about the economy overheating.

The Treasury and the Bank of England, however, sought to play down the possibility of an imminent rise in borrowing costs and attributed the price falls in the equity and gilt-edged markets to the City feeding on fear generated by the speculation on interest rates.

While avoiding direct comment on the outlook for base rates, the Treasury and the Bank made it clear they thought nothing had changed since interest rates

Continued on Page 18

Currencies, Page 29; London stock exchange, Page 36

La Générale shares in hectic trading on eve of court ruling

BY TIM DICKSON IN BRUSSELS AND JOHN WYLES IN ROME

A RECORD 12 per cent of the shares in Société Générale de Belgique changed hands yesterday as participants in Belgium's biggest ever bid battle braced themselves for a key legal judgment due today.

Among other developments on a day of growing tension, Mr Andre Leysen, the Flemish businessman, who is a leading challenger to the ambitions of Mr Carlo De Benedetti, the Italian entrepreneur, claimed that he headed a group of investors which now controls more than 25 per cent of La Générale's existing share capital. This includes Lessius, a new Flemish commercial bank, which also indicated a determination to influence the future strategy of Belgium's most powerful business institution.

The outcome of what has been an absorbing three week struggle for La Générale appeared even more uncertain after yesterday's hectic Bourse trading.

A total of 3.4m shares were exchanged as the company's share price leapt more than 15 per cent to BFr4360 ($124), having touched BF4420.

The source of the buying was not clear, but analysts confirmed last night that "friends" of all the participants were probably involved and that most of La Générale's shares were now in one or other of the major "camps."

These belong to Mr De Benedetti, who already directly or indirectly controls 18.6 per cent and wants to make a partial offer for 15 per cent of the rest; Compagnie Financière de Suez, the recently privatised Paris-based financial group which has disclosed a 10 per cent stake, but whose allies are thought to speak for considerably more; and Mr Leysen, president of Gevaert, the financial holding company, who first shot to prominence in the current saga at the head of a group of institutions with an option to buy at least 10m of the 12m new shares which La Générale wants to issue to dilute Mr De Benedetti's stake.

At a press conference in Brussels yesterday, Mr Leysen announced that a further five shareholders in La Générale - including Lessius, the brewery group Artois and AG, the major insurance concern - supported his aims and, together with other members of his camp, now spoke for 22 per cent of La Générale's capital. Along with an, as yet, unidentified European shareholder, who Mr Leysen says speaks for 4.5 per cent, this makes 27.5 per cent.

Today's crucial court decision concerns the legality of La Générale's proposed share issue. Mr Leysen says that, if it goes in his favour, his group would control almost 50 per cent of La Générale's capital.

The De Benedetti group yesterday launched an extraordinarily bitter attack on what it described as mercenaries who had rallied to the defence of the La Générale management with neither a clear strategy nor an industrial vocation.

British junior Foreign Office minister Timothy Eggar greets Afghan refugees in a camp in north-west Pakistan yesterday. He told them Britain must back the Afghan rebels "until the last Soviet soldier leaves Afghanistan"

Gorbachev positive on Afghan pull-out

BY CHARLES HODGSON IN MOSCOW AND JOHN ELLIOTT IN ISLAMABAD

MR MIKHAIL GORBACHEV, the Soviet leader, announced last night that Soviet troops would begin a complete withdrawal from Afghanistan on May 15 if agreement was reached at UN sponsored peace talks in Geneva by March 15.

The announcement was welcomed by the US.

"It sounds like a positive step, and we hope it is, but we need to see the fine print," said Mr Marlin Fitzwater, the White House spokesman.

Mr Gorbachev said that withdrawal of the 115,000 Soviet troops could be completed within 10 months. It could involve pulling out "a relatively greater proportion of the Soviet contingent" in the first phase, he added.

This comment is crucial because Pakistan and the US have always insisted that large amounts of key equipment and strategically placed battalions must leave first.

Mr Gorbachev's statement comes at the end of 18 days of shuttle diplomacy by Mr Diego Cordovez, the UN mediator, who yesterday held a final round of talks in the Afghan and Pakistan capitals.

He will announce the date of the resumed peace talks in Geneva before he leaves the region today, having achieved what he described last night as general agreement on a broad-based interim government in Kabul in the event of a Soviet troop withdrawal.

Mr Gorbachev's statement is part of the Soviet effort to keep up the peace momentum and move his troops out of Afghanistan after an occupation which has lasted more than eight years.

Mr Yuli Vorontsov, the Soviet Deputy Foreign Minister, is due in Pakistan tomorrow for three days of talks on the issue. He is holding preliminary talks in

Continued on Page 18

EC attacks Israel over 'repressive measures' in Gaza

By David Buchan in Bonn

THE TWELVE European Community member states yesterday delivered their most strongly worded condemnation so far of Israel's "repressive measures" to quell rising Palestinian unrest on the West Bank and Gaza Strip.

They called for the convening "as early as possible" of an international peace conference, and "in that perspective" welcomed all recent efforts – notably by the US and Egypt acting separately – to get some negotiations going.

The EC condemnation comes after some of the worst scenes of violence in the two months of unrest in the occupied territories. On Sunday, a 15-year-old Palestinian boy became the first to die incontrovertibly as a result of the beatings policy ordered by Mr Yitzhak Rabin, the Defence Minister.

A key thrust of the joint declaration by the Community's 12 foreign ministers was to remind the US of the "wide support," among Arab countries as well as in Europe, for an international peace conference. It stressed the need for Washington not to lose sight of this support in its current attempt to start initially more limited negotiations in the region, dictated by the political constraints of a US election.

The Bonn declaration reflected the ministers' earlier meeting yesterday with King Hussein of Jordan, who had flown to Bonn to support an international conference. He called on Europe to help at this "critical juncture." King Hussein warned the European ministers "of the powers of darkness which threaten the entire region."

However, the Community ministers were by no means dismissive of the new negotiating efforts by Mr Richard Murphy, the US Assistant Secretary for Middle East Affairs. Sir Geoffrey Howe, the UK Foreign Secretary and one of the few European ministers to be briefed personally by Mr Murphy, said it was impossible to tell "how Mr Murphy might move things forward," as a result of the US official's recent discussions

The Middle East discussions and the meeting with King Hussein dominated the European Political Co-operation meeting. The ministers also discussed South Africa and Central America, and made a call for what Mr Hans-Dietrich Genscher, the West German Foreign Minister chairing the meeting, described as "a swift conclusion with substantive results" to the Conference on European Security and Co-operation in Vienna.

Palestinian death, Page 3; Editorial comment, Page 16

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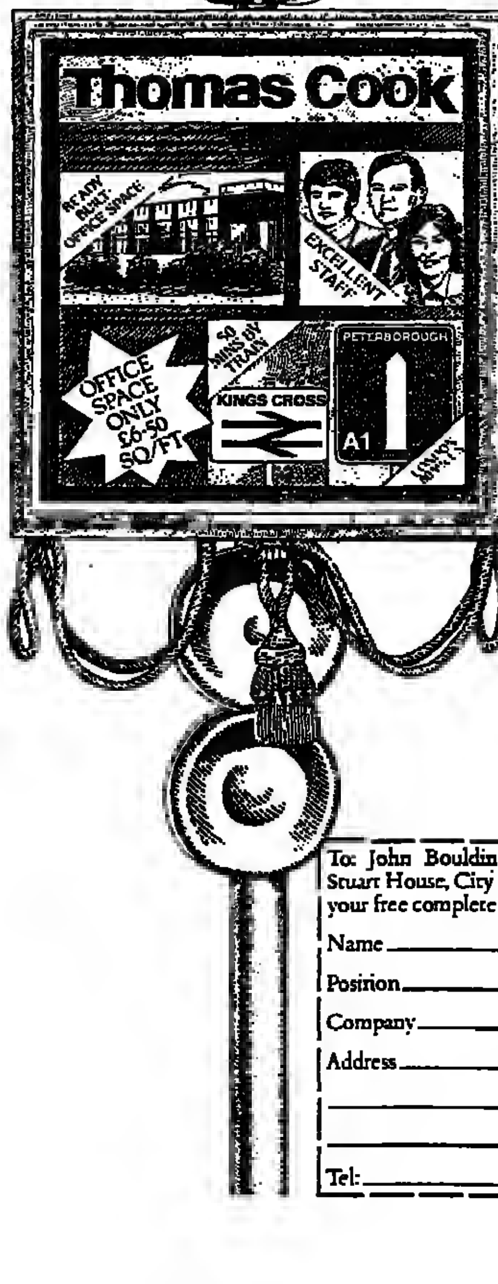

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AUSTRALIAN LABOR PARTY DOGGED BY CABINET RESIGNATIONS

Prime Minister Bob Hawke is fielding accusations that his party is disintegrating, Page 3

Moscow attacks call to build up Nato forces

THE SOVIET defence minister, Gen Dmitri Yazov, yesterday criticised calls to build up Nato forces to compensate for the removal of US nuclear missiles from Europe and urged sharp cuts in what he said were equivalent conventional forces, AP reports from Moscow.

Gen Yazov said agreements to lessen the risk of a conventional war in Europe could be built upon progress in negotiating reduction in US and Soviet nuclear weapons.

Western diplomatic sources said his article in the Communist Party newspaper Pravda represented a slight update of the Soviet Union's figures on both sides' nuclear warheads but otherwise served to restate the Soviet view that Nato and Warsaw Pact nuclear and conventional forces were equivalent.

The article was published a day after Mr Frank Carlucci, US Defence Secretary, said at a conference in Munich on Sunday that Nato must go ahead with its plans to modernise short-range nuclear missiles.

Gen Yazov said the Soviet Union seeks to "decisively lower the level of confrontation, reduce the military potential such that both West and East keep only the strength and means necessary for defence".

He said opponents of improved East-West relations "seek urgent measures of 'compensation' for the American intermediate and shorter-range missiles being eliminated . . . and suggest various versions of Nato's rearmament by bringing in new US nuclear forces into Europe and closer to Europe, and by increasing the rate of build-up of the nuclear and conventional arms of West European countries".

"All this is being presented on the plea that the Intermediate Nuclear Forces treaty allegedly upsets the strategic balance in favour of the Soviet Union," he said.

"The Soviet Union and its allies propose to reduce forces in Europe to a minimum, remove the most dangerous attack weapons and create zones and corridors free of nuclear and chemical weapons," he said.

Senator Sam Nunn, chairman of the Senate Armed Services Committee, has called for improvements in the alliance's ammunition stockpiles and shelters for US aircraft that would be sent to Europe in case of war.

Gen Yazov's criticism of those views follows similar statements by military officials and Soviet leader Mr Mikhail Gorbachev.

● The US, expecting Senate approval of the US-Soviet treaty to eliminate medium-range missiles, will give priority to modernising tactical nuclear weapons in Europe, Mr Carlucci said yesterday, Reuter reports from Washington.

Mr Carlucci, just back from a tour of West European capitals, said Nato members understood more must be spent on upgrading battlefield weapons after elimination of medium-range nuclear weapons under the INF treaty.

Despite published reports to the contrary, Mr Carlucci said in a television interview: "At no time have I heard (West German) Chancellor (Helmut) Kohl say that he would not modernise."

Waldheim: abandoned quest for third term

OUR UN CORRESPONDENT REPORTS ON REACTIONS TO THE WALDHEIM REPORT

UN left relieved but puzzled

AT THE United Nations, the principal reaction to the submission of the International Historians' report was a continuing sense of relief that the revelations about Mr Waldheim have come out long after the completion of his two five-year terms as the Secretary General. There was also continuing astonishment that, given his background, he could have been elected to high office in the first place.

But for the persistent vetoes by China that made him abandon his quest for an unprecedented third term in 1981, Mr Waldheim would still have been Secretary General when the first reports about his true role in the Balkans in World War II began to emerge.

In a reference to the allegations in his book, "A life in Peace and War," Sir Brian Urquhart, who was closer than most to Mr Waldheim for much of the former Secretary General's UN career, said that both the United Nations and Austria have suffered immense damage because of the scandal. Sir Brian, formerly the ranking Briton in the Secretariat, also called his erstwhile chief a "duplicitous egomaniac."

> What continues to intrigue UN delegates is the apparent lack of information about Mr Waldheim's background when he entered the race for Secretary General

Mr Javier Perez de Cuellar, who succeeded Mr Waldheim as Secretary General, has been careful to distance himself from the controversy. What little he has said about his predecessor - for whom, like Mr Urquhart, he worked as an Under-Secretary general - may best be described as faint praise.

The official UN biography, issued after his appointment and occasionally updated during his 10 years in office, retained the fiction that after having been wounded on the Eastern front, Mr Waldheim returned to his law studies. Mr Urquhart has said in his book that all of the staff accepted this account. To many, this demonstrates an extraordinary naïveté when it is recalled how desperate the Nazis were for manpower in the last phases of the war.

Whether Britain knew more than the authorities have been prepared to admit, and whether it was this which caused the British delegation to veto his candidacy in the early rounds of Security Council voting, remains a matter of conjecture.

Certainly, the vetoes caused Mr Waldheim to bear a grudge against Britain in the early months of his term. He was only prevailed upon to promote Mr Urquhart to the rank of Under-Secretary General after being reminded of a formal commitment to that effect.

Ralf Scheide, Mr Waldheim's secretary, who was in New York last month to present the 293-page defence of the Austrian president titled "Kurt Waldheim's wartime years," insisted that Mr Waldheim had not known of the existence in the UN War Crimes archives of a file about him. Since it would surely not have been difficult to remove and destroy the material while he was Secretary General and, therefore, the Secretariat's supreme authority, it may be assumed that Mr Waldheim was genuinely in the dark.

Freedom likely for E German activist

BY LESLIE COLITT IN BERLIN

EAST GERMANY is expected to free Mrs Vera Wollenberger, a founder of the opposition Grass Roots (Protestant) Church and the only civil rights activist remaining in prison after last month's attempt by nearly 200 East Germans to unfurl banners at an official rally.

Seven people have been released from custody since Friday. Two were allowed to remain in East Germany. A third was stripped of his citizenship and sent to West Germany. Four others released to West Germany were given passports valid for re-entry in six months.

Such passports in the past have been granted only to writers and artists and are seen by the four recipients as a possible attempt by East Germany to solve political conflicts with "political solutions."

Dr Wolfgang Schaeuble, the Bonn Chancellery's minister in charge of relations with East Germany, said that although the crackdown had been resolved in a "relatively dignified manner," there was no reason to "send thank you letters."

The arrests had begun to "endanger" relations between Bonn and East Berlin. "It was severe set back," he said in an interview yesterday.

Mr Erich Honecker, the East German leader, told a meeting of the Free German Youth Organisation yesterday that the dispute between conflicting ideologies could "intensify" and he called on the league to improve its "representation" of the interests of young people. This was seen as a rebuke for failure to cope with groups such as the civil rights activists.

The main East German Communist newspaper, Neues Deutschland, yesterday reprinted another Soviet press commentary approving of the arrests of East German civil rights campaigners. The Soviet youth newspaper, Komsomolskaya Pravda, said: "Reactionary circles" in the West were using glasnost (openness) to produce a "provocative row." It accused "West Berlin wire-pullers" of attempting to push nations to the "brink of confrontation and suspicion."

Mr Stephan Krawczyk, a prominent East German folksinger and civil rights advocate, released to West Germany last week, said he was preparing to remain in the West for a long time. He reiterated in an interview that he and his wife were sent to the West against their will.

Mr Ralf Hirsch, another civil rights activist sent to West Germany, said he too had left East Germany involuntarily.

Hijack suspect indicted

SUSPECTED Lebanese terrorist Mohammed Ali Hamadi, wanted by US officials on charges of air piracy and murder in a 1985 TWA hijacking, was indicted yesterday by West German prosecutors on the same counts, AP reports from Frankfurt.

He was also charged with hostage-taking, illegal possession of explosives and carrying false documents. The indictments were read in Hesse state court in Frankfurt.

In a statement released to the press, prosecutors also charged that Hamadi and a Lebanese accomplice, identified as Izz-Al-Dine, had physically mistreated passengers and members of the TWA flight crew.

Prosecutors also charged that passengers were robbed of cash and valuables at gunpoint.

US Navy diver Robert Stethem was killed in the hijacking and 39 Americans were held hostage for 17 days. The airliner was hijacked shortly after takeoff from Athens on a flight to Rome. The hijackers demanded the release of 700 Shia Moslem prisoners held in Israel.

Barre wags finger at opponent Chirac

BY GEORGE GRAHAM IN PARIS

MR RAYMOND BARRE, who as Prime Minister applied an austere economic policy and was seemingly oblivious to its unpopularity, declared himself a candidate for the French presidency yesterday.

Announcing his decision in Lyon, he wagged a finger in characteristically professorial style at the economic record of his fellow right-winger Mr Jacques Chirac, the current Prime Minister. "The French economy is not creating jobs any more. It is a fact that in the last seven years, France has dropped behind its competitors," Mr Barre said.

Mr Barre is not the first academic to try for the French presidency - a tradition that goes back to Painleve and Lamartine - but he is certainly the most schoolmasterly.

It took him four minutes and 40 seconds yesterday to announce his candidacy in the April election, probably the shortest lecture of his career.

The well-fed Mr Barre, who was once described as "a square man in a round body" but has since preferred to adopt the persona of the tortoise, said that it was time to put an end to false appearances and to make a new start.

Born in the French Indian Ocean colony of Reunion in 1924, Mr Barre left his university professorship in 1959 for the world of politics. Vice president of the European Commission from 1967 to 1972, he then became a minister in the government of Mr Chirac.

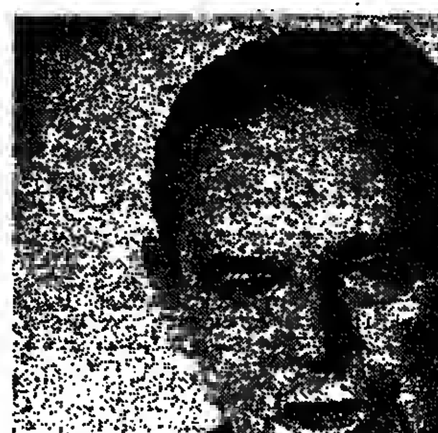
Mr Barre reached record levels of unpopularity during his spell as Prime Minister under President Valery Giscard d'Estaing in 1976-81, since exceeded only by the socialist Prime Minister Mr Pierre Mauroy, but has regained the public's esteem, cultivating a jovial and fatherly image with a touch of smugness.

Since Mr Chirac announced his candidacy three weeks ago, however, Mr Barre has been noticeably losing ground to him. But in his opening speech yesterday, he made it clear that his prime target is the socialist president, Mr Francois Mitterrand, not Mr Chirac.

Mr Barre said: "If your choice in the election should lead to the return of the socialist system, whose errors and failures you cannot forget, then after the retreat would come the decline."

"There is no more difference between Barre and Chirac than between Pepsi and Coca-Cola," commented Mr Roger-Gerard Schwartzenberg, honorary president of the Mouvement des Radicaux de Gauche.

It is considered unlikely in Paris political circles that Mr Barre, a notorious bon vivant, has ever tasted either drink.



Barre: unpopular as Premier

Poll shows more support for Haughey

By Kieran Cooke in Dublin

SUPPORT is growing for Mr Charles Haughey, the Irish Prime Minister, and his governing Fianna Fail party despite a tough January budget and an austerity programme that has cut public spending over the past year by I£800m ($714m).

A joint Market Research Bureau of Ireland/Irish Times poll, published yesterday, shows 44% support for Fianna Fail, a jump of four percentage points since last November. Mr Haughey's personal popularity rose eight points to 46% over the same period.

A poll last week of Ireland's leading industrialists showed growing confidence in the economic policies being followed by Mr Haughey's government, which are centred on bringing Ireland's I£26bn debt under control.

The growth in public support is increasing speculation that Mr Haughey may be tempted to call an election later this year. Fianna Fail does not at present have an overall majority in the Dail, the Irish Parliament.

Public support for the main opposition Fine Gael party is shown by yesterday's poll to have fallen to 28%.

Lightning may have brought down airliner

A FULLY-LOADED West German commuter airliner burst into a fireball during stormy weather yesterday and crashed, killing all 21 people on board, AP reports.

Witnesses said a lightning bolt struck the twin-engine turboprop airliner and that a wing fell off just before the aircraft crashed in a rural area near Muelheim, about seven miles north of Duesseldorf airport.

Mr Manfred Kueppers, a spokesman for federal aviation investigators, said the airliner had been bombarded by lightning and hail and probably began to disintegrate before falling out of the sky.

A spokesman for federal flight control authorities in Frankfurt said the crash occurred at 7.57am local time, 41 minutes after takeoff from Hanover.

The aircraft, a twin-engine FA-4 Metroliner, belonged to the Nuremberg Flight Service. On board were 19 passengers and a crew of two.

There had been no previous crashes of an FA-4 Metroliner in West Germany, the airline company official said, adding that it is known to be a reliable aircraft.

There are more than 700 such aircraft in use around the world, he added.

The crash was the worst in West Germany since 1971, when 21 people died near Hamburg.

Greek conservatives suffer party crisis

BY ANDRIANA IERODIACONOU IN ATHENS

GREECE'S CONSERVATIVE opposition struggled to regain its composure yesterday in the aftermath of one of the most politically damaging episodes in the recent history of the New Democracy party.

The crisis erupted when Mr Constantine Mitsotakis, New Democracy's leader, told reporters during a visit to London last Friday that the 1974 plebiscite which ended the monarchy in Greece had been unfairly conducted.

Despite a swift clarification by the conservative leader that he had not intended to challenge the results of the plebiscite, the issue was seized upon by the Socialist government in Athens.

The government and left-wing newspapers demanded Mr Mitsotakis's blood for bringing doubt upon Greece's republican system of government.

Within the conservative ranks reaction ranged from private dismay to anger. Mr Mitsotakis was particularly blamed for diverting public attention from questions which had begun to multiply by the end of last week regarding Prime Minister Andreas Papandreou's handling of the January 30 summit with Mr Turgut Ozal, the Turkish Prime Minister, in Davos.

Public opinion was scandalised over the disclosure that Dr Papandreou had failed to press Mr Ozal on the emotive issue of 1,619 Greeks and Greek Cypriots missing since Turkey's invasion of Cyprus in 1974.

Just as the Government's position threatened to become uncomfortable, Mr Mitsotakis's statements on the monarchy saved the day.

● Mr Nuzhet Kandemir, Turkish Under-Secretary of Foreign Affairs, is expected in Athens today for talks with the Greek Government.

Athens said the visit was agreed upon in Davos and that it would help to prepare a second meeting between the Greek and Turkish Prime Ministers in Brussels at the beginning of next month.

Ankara decree 'not to be retroactive'

BY JIM BODGENER IN ANKARA

THE Ankara Government's decision to scrap a 24-year-old decree that effectively froze the property rights of Greeks in Turkey will not have retroactive effect, Turkish officials said yesterday.

This appeared to mean that while Greeks whose property rights were suspended in 1964 will now be able to dispose of their assets as they wish, they will not receive any compensation for being prevented from using their assets since 1964.

Greece has demanded the lifting of the decree, with retroactive effect, as a precondition for adhering to the Association Agreement between the European Community and Turkey.

Greek adherence to the agreement could in turn clear the way for the unblocking of an outstanding EC credit to Turkey worth Ecu600m ($420m).

Turkey announced the lifting of the decree on Friday, but the practical effects were not immediately clear.

It appeared yesterday that the Turkish might be flexible on the retroactivity question in the event of Greece making further concessions on Turkish-EC relations.

The decree, which effectively prevented the Greek community in Istanbul from selling or renting land or houses, was introduced after a flare-up between Greek and Turks on Cyprus. It was renewed in 1986.

Greek sources have said about 50,000 people stand to benefit. Most of them left Turkey in the early 1960s after the trouble on Cyprus.

Since the Greek and Turkish prime ministers met in Davos, Switzerland, at the end of last month, there has been some confusion as to whether Athens will maintain its opposition to any revival in EC-Turkish relations and to possible Turkish membership of the EC.

So far, Greek foreign ministry officials have said they intend continuing their campaign to block any intensification of ties between Brussels and Ankara.

UN call for anti-drugs measures

THE chairman of a UN conference on drug-trafficking called yesterday for a declaration of war on the multi-billion dollar narcotics trade, Reuter reports from Vienna.

Mr Enrique Parejo Gonzales, Colombian ambassador to Hungary, in a speech opening a two-week Special Session of the United Nations Commission on Narcotic Drugs, said: "We must wage war against criminal gangs, to stop them murdering officials, police, citizens and journalists, and undermining societies."

Mr Parejo, a former Justice Minister of Colombia, the major supplier of the US cocaine market, was himself shot in Budapest a year ago in an attack blamed on drug traffickers.

He described trafficking as an "evil undermining the very sovereignty of nations".

Fiat executive refuses to lead Confindustria

BY JOHN WYLES IN ROME

MR CESARE ROMITI, managing director of the Fiat Group, yesterday rejected appeals from Italian business leaders and refused nomination as the next president of Confindustria, the organisation representing private sector companies.

In a meeting in Turin with Confindustria's "three wise men" who have been culling nominations, Mr Romiti said "with regret" that his present tasks would prevent him from satisfying the demands "of such an important job".

Mr Romiti himself may have been responsible for the widespread support for his candidacy. On more than one occasion he has appeared to put himself in the running but his superior, Mr Gianni Agnelli, president of Fiat, publicly declared a few weeks ago that Mr Romiti was still "very useful" at the Turin group.

His withdrawal leaves Confindustria without a clear favourite to succeed Mr Luigi Lucchini, the steelmaker, in May. The frontrunner could be Mr Carlo Patrucco, aged 41, currently a vice-president of Coinfindustria with business interests in Lombardy.

Hungary reduces hard currency deficit

BY LESLIE COLITT IN EAST BERLIN

ECONOMICALLY hard-pressed Hungary reduced its balance of payments deficit in hard currency last year by $500m to $500m and expects to slash the deficit further this year to $500m.

But Hungary's critical gross debt climbed to nearly $18bn in hard currency at the end of 1987 while net debt rose $900m since October to hit $11bn. The sharp increase was partly a result of the dollar's fall in the last quarter of the year as well as $500m in net borrowing.

Hungary's gross convertible currency debt is not expected to rise this year although an increase of $500m in net debt is expected.

Mr Istvan Racz of the Hungarian National Bank said yesterday that Hungary's hard currency exports of goods and services rose 20 per cent last year in "nominal terms".

At the same time, he noted, the debt service ratio fell 20 percentage points to below 50. The improvement was partly the result of a $170m increase in net receipts from tourism which earned Huogary $370m last year. At the same time Hungary's convertible currency trade improved by almost $200m.

Earlier, the national bank said its hard currency debt servicing this year would drop by $1bn down to $2.6bn this year and to $1.7bn next year. This it said was made possible by recent long maturity loans obtained at 5 per cent and 6 per cent interest in deutschemarks and Swiss francs.

Mr Frigyes Berecz, Hungary's Industry Minister, said recently that the economy had moved from a "nadir" in 1986 but that the momentum was insufficient. Mr Miklos Nemeth, the Central Committee secretary responsible for the economy, noted that "hardly any" progress was being made toward improving the structure of industry.

Mr Nemeth said: "Paternalistic tutelage - the state approach" had covered up structural problems and hnd to be stopped as soon as possible. For the next Five Year Plan, beginning in 1991, he noted, "money and not hierarchical, subjective relations" would become the sole economic tool.

Yugoslavs on bribery charge

BRIBERY charges have been brought against the main defendant in Yugoslavia's biggest financial scandal, a Belgrade newspaper said yesterday, Reuter reports from Belgrade.

The semi-official daily Politika said Mr Fikret Abdic, former head of the state agro-industrial company Agrokomerc, and Mr Konstantin Govedarica, an executive of the West German-based Yugoslav company Jugotrejd, were charged with taking a $800,000 bribe for a contract for Austrian soyn bean imports.

Yugoslav newspapers reported earlier that Agrokomerc had imported soya beans through the Austrian branch of Jugotrejd.

Mr Abdic is in jail in the central Yugoslav republic of Bosnia-Hercegovinn awaiting trial as the main defendant in a case in which Agrokokomere is accused of issuing almost $1bn worth of false promissory notes.

Sweden's unions learn to flex their muscles

SWEDEN WAS once considered capable of sorting out its labour problems in a relatively amicable fashion. That is no longer true. As Mr Pehr Gyllenhammar, the country's leading industrialist and the chairman of Volvo, has been forced to remark: Sweden has joined Britain in the strike league.

A Labour Ministry report published last week put it thus: "Wage negotiations in the 1980s have shown, especially in the public sector, that the Swedish model has certain weaknesses. Every wage round in the 1980s has been marked by open conflict, with the parties finding it increasingly difficult to reach some agreement without strike action and mediation."

The report contains an implicit warning that if the unions do not stop abusing the right to strike, their ability to use this weapon may be limited.

The strike by white-collar clerical and technical workers which ended yesterday was one of the most serious since the war. It has lost the big export companies orders and damaged the reputation of Swedish industry.

But resolution of the strike may bring only temporary respite. Many employers fear the worst is still to come in the 1988 wage round. The public sector has yet to begin serious negotiation, though the more militant union leaders have indicated that they want increases well above those recommended by the Government.

Two questions have been posed by the negotiations so far: whether the Government should limit the right to strike - in the public sector at least where crippling strikes broke out in the last wage round - and whether the private sector unions should be restricted in whom they can call out on strike.

As the strike by the clerical and technical union showed, it only took a few employees in key positions - switchboard operators, computer staff and technical managers - to bring important industrial groups to a standstill. Orders stopped coming in and control over the supply of components to the factories halted, so that blue-collar staff eventually had to be sent home.

> Sara Webb on the damage done to the country's reputation on labour relations

This has led employers to suggest that there should be a link between the right to strike and its economic consequences, so that damage on this scale is avoided in future.

The strike has cost industry SKr16bn (£1.5bn) and the resulting pay increases will mean an extra cost of SKr120m. Volvo claims it lost SKr6bn in sales: its car and truck production in Sweden stopped; it has lost 20,000 passenger cars; and it now fears that the strike will mean longer delays in deliveries to the US market, though it hopes to compensate for this by increasing overtime.

With Sweden's inflation rate above that of its competitors, employers are keen to minimise wage rises and so try to remain competitive. Employees hove been told to accept lower wage increases even when it was apparent that companies were making much bigger profits.

What marked this strike, though, was the eagerness with which the Swedish Union of Clerical and Technical Employees in industry called its members out, apparently making very little effort to resolve the issues at the heart of the dispute by prolonged negotiation.

Further strikes in the public sector are now expected: the Finance Minister has said there will be a 4 per cent ceiling on wage increases - a mistake, some feel, because it is more likely to act as a floor than a ceiling - whereas some of the unions have said they want 9-10 per cent.

Technical and clerical staff end wage strike

BY SARA WEBB IN STOCKHOLM

MORE THAN 90,000 Swedish white-collar technical and clerical employees returned to work yesterday after a three-week strike over pay which halted production at leading export companies and cost industry about SKr16bn (£1.5bn).

Agreement was reached in the early hours of Monday between the Swedish Union of Clerical and Technical Employees in Industry (SIF) and the Industrial Employers' Organisation (VF) on a basic 1.9 per cent wage increase. But taking into aceonnt wage drift and other benefits, the unioa said the package meant an overall rise of 4.7 per cent.

The SIF had sought wage rises of about 6 per cent - and, more importantly from the union's point of view, the right to determine who should receive those pay increases at the local union level, so that members in greater demand like engineers did not receive markedly higher increases than, for example, telephonists.

The employers have agreed that the SIF could refer unfair pay increases at the local level to a joint committee, a promise widely regarded as merely cosmetic when it comes to determining where the pay increases occur.

The strike had hit more than 40 leading companies including Volvo, Asea Brown Boveri, Electrolux, Atlas Copco and Ericsson.

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Gaza violence flares at funeral of Palestinian

BY ANDREW WHITLEY IN JERUSALEM

A 15-YEAR-OLD Palestinian schoolboy, Iyyad Mohammed Aqel, from the Bureij refugee camp in the Gaza Strip, was buried yesterday after being taken from his home and beaten to death on Sunday night by Israeli soldiers. His 18-year-old cousin, abducted at the same time, is in hospital with a broken arm.

During angry demonstrations which accompanied the teenager's funeral, troops shot and injured four people – including an 11-year-old girl – in Bureij and the neighbouring refugee camp of Nusseirat.

In the doleful, daily litany of casualties, Iyyad Aqel's gruesome end will be notable for two reasons. He was the first to die incontrovertibly as a result of the beatings policy ordered by Mr Yitzhak Rabin, the Defence Minister, three weeks ago and, with his death, the toll from the two month-long uprising reached 50.

In a separate, more obscure, incident yesterday a 25-year-old Palestinian died after being shot in the head – apparently by an Israeli civilian – in the West Bank village of Kfar Kadumim, near Nablus.

Reuter in Jerusalem adds: There were fierce clashes in Arab East Jerusalem. Two policemen were injured in the Silwan district when Arab youths set fire to a delivery van that police had commandeered and camouflaged as a bakery van, witnesses said.

A general strike called by a clandestine "Unified Leadership of the Uprising" was widely observed yesterday with very few Arab labourers leaving the West Bank and Gaza Strip for their jobs in Israel.

Defence Minister Yitzhak Rabin ordered troops last month to beat rioters instead of shooting them after worldwide condemnation of Israel's use of force to crush Arab unrest.

But troops have increasingly resorted to live ammunition again in the last week.

Foreign Minister Shimon Peres said there was no military solution to the unrest in the occupied territories because Israel was limited by moral constraints.

"We have limitations on how to deal with stone-throwers, limitations that we placed upon ourselves because we do not want to be human animals," he said.

Police used tear gas to disperse stone-throwing youths at Herod's Gate to the Old City of Jerusalem and two Israeli youths were lightly injured.

Unrest was reported in several outlying Arab villages as the uprising spread to areas normally remote from any political agitation.

Rabin: Beatings policy

Third minister to leave in two months, Chris Sherwell reports

Resignation adds to Hawke's woes

A SENIOR Cabinet minister in Australia's Government unexpectedly resigned his post and parliamentary seat yesterday, adding to the ruling Labor party's list of political woes.

Mr Mick Young, Minister for Immigration and Ethnic Affairs, announced his abrupt move in the wake of a blazing controversy last week over a company's A$10,000 (£4,040) contribution to Labor party funds.

The resignation was a surprise because his protestations of innocence had been strongly supported by other party officials involved. But the intense publicity surrounding the affair – a powerful reminder of the heat generated in domestic Australian politics – has evidently upset him.

Mr Bob Hawke, the Prime Minister, resisted Mr Young's move unsuccessfully, and later called his departure "an immeasurable loss".

The 51-year-old former shearer is the third minister to leave office in two months. A frustrated Sen Susan Ryan resigned for a publishing job in December, while Mr John Brown, Minister of Tourism, the Arts, the Environment and Sport, departed under a cloud after misleading parliament over the award of a contract for the Expo '88 fair.

The move means Labor must face another by-election in South Australia, where the party suffered a crushing defeat by the opposition Liberals last weekend. The loss of the safe seat of Adelaide was Labor's first electoral defeat since being re-elected to a historic third successive term last July.

Hawke: Worrying sign of weakness

Both parties acknowledge that the outcome in Adelaide was not significantly influenced by the Young allegations. They say it was determined on the single issue of Australia Telecom's proposal to make the user pay by billing local telephone calls according to time instead of levying a single basic charge.

But Mr Hawke, having backed the time-charge plan, has since abandoned it, and this is being widely interpreted as a worrying sign of weakness on fundamental micro-economic reform, which Mr Hawke has made the cornerstone of his third term.

At stake is a planned programme of privatisation of capital-short public sector agencies, deregulation of transport and telecommunications, tax reform, cuts in protective tariffs and changes to the education system.

The departure of the experienced Mr Young, who last year was being tipped as a future deputy prime minister, is also another gloomy omen for Labor's chances in the forthcoming New South Wales state election, due in March.

Mr John Howard, the Liberal leader nationally, was jubilant yesterday over his opponents' problems. "It indicates a crumbling and distegrating tendency in Labor," he declared.

Mr Nick Greiner, Liberal leader in New South Wales, said Mr Young's resignation showed Labor's right-wing machine, which dominates the party, was cracking under pressure.

In a statement announcing his move, Mr Young said there was "no hidden agenda" surrounding his resignation. He repeated his innocence, which had been "publicly demonstrated", of any wrongdoing over the campaign donation.

The A$10,000 donation came from woodchip company Harris Daishowa, which gave a similar sum to the Liberals. It was intended for the party's election campaign last July.

But last week, in what was hardly a coincidence, it emerged that Labor had failed to disclose the donation. The money had instead gone to the administration fund, for which disclosure is unnecessary.

Mr Young, as the federal party president and the man who had received the cheque, said he had given it to Mr Stephen Loosley, a key New South Wales party official.

As a police investigation was mounted, Mr Young came under heay attack from his opponents and the media. After days of heated controversy, Mr Loosley unearthed the company's letter confirming the purpose of the donation in his office, indicating it was Mr Loosley who had misdirected the funds. The money has since been returned to Harris Daishowa.

Mr Young said yesterday he had always taken the good with the bad when it came to Australia's free press. "However, I feel that last week's coverage of my role in the donation to the Labor party was journalistic overkill."

The controversy was the third to involve Mr Young since Labor came to office in 1983. The first was his disclosure to a friend that a Soviet diplomat was to be expelled. The second involved an incorrect customs declaration.

Mr Young leaves government with a high reputation as a parliamentary tactician and electoral strategist. He helped Mr Gough Whitlam win power in 1972.

An MP since 1974, his departure deprives both the Government and the House of one of their more colourful figures.

UK assails seizure of lorries

By Robert Mauthner, Diplomatic Correspondent

THE BRITISH Government yesterday protested in the "strongest terms" to Sudan over the requisitioning by the Sudanese army of Oxfam relief lorries.

Mr Chris Patten, the Overseas Development Minister, said he had received information that seven lorries were commandeered by the army as they were distributing food to the famine-stricken southern Sudan region. They were part of a batch of 20 vehicles provided by the British Government at a cost of £400,000 from its disaster fund.

Mr Patten said that the British Ambassador in Khartoum had delivered the protest to the Sudanese Ministry of Defence yesterday and had demanded immediate release of the lorries. "We will put the maximum pressure on the Sudanese Government," Mr Patten said in a radio interview. "The British taxpayer has been extremely generous to Sudan." In a thinly-veiled threat that Britain might cut off its aid to Sudan if it did not receive satisfaction, Mr Patten said that it would be hard to explain to British taxpayers "why we should continue to be so generous when there are these problems."

Since the famine in Sudan started in November 1984, Britain has given £37m worth of aid to Sudan.

Israeli right considers ending of Arab vote

BY EDWARD MORTIMER, RECENTLY IN JERUSALEM

SHOULD ARABS be allowed to choose the Prime Minister of a Jewish state? This question is increasingly asked by right-wing Israelis, who have noticed that the electoral weight of Israel's 320,000 Arab voters is enough to tip the delicately poised balance of Israeli politics in favour of the left.

If the vote were restricted – as Mr Ariel Sharon, the former Defence Minister, has proposed – to those parts of the population liable for military service, the Likud block and its allies on the right would enjoy a comfortable and quasi-permanent parliamentary majority. But the Arab vote, nearly 90 per cent of which went to left-wing parties in the 1984 general election, gives a slight advantage to the left.

Not since 1977 has this produced a left-wing government, because the left is split. In 1984, 32 per cent of the Arab vote went to the Communist-led Front for Democracy and Equality, and another 18 per cent to the "Progressive List for Peace" (PLP), which is to all intents and purposes an Arab nationalist party.

A coalition between either of those groups and the Labour party is very hard to imagine, but at least they are unlikely to side with its opponents. In the last election, 24 per cent of the Arab vote went directly to the joint list put up by Labour and the left-wing Zionist party Mapam, 6 per cent to the list of General Ezer Weizman, who has since joined Labour, and another 6 per cent to the centre-left party Shinui. Without these votes Labour could not have imposed itself as equal partner with Likud in the National Unity Government, still less obtained the prime ministership for the first two years of the government's term.

Until two months ago Labour was widely expected to improve its share of the Arab vote in the election due later this year, thanks mainly to Gen Weizman, whose dovish views are popular with Arabs, and who during the 1984-86 premiership of Mr Shimon Peres was able to make some concessions to Arab domestic interests, notably the return to Arab owners of land formerly confiscated by the army.

But the "uprising" in the occupied territories and the army's violent reaction to it under Mr Yizhak Rabin, the Labour Defence Minister, have changed all that. Arab anger at the government's repressive policies found eloquent expression at a demonstration in Nazareth on January 23, during which Labour's only Arab member of parliament, Mr Abdul-Wahhab Darawsha, dramatically announced his resignation from the party, calling Mr Rabin a "murderer".

The gesture made Mr Darawsha, at least momentarily, an Arab hero. He has called on Labour's 9,000 Arab members to join him, and apparently intends to form a new party of his own. But some Arab commentators in Nazareth doubt whether he has the organising ability to make a success of this and suspect that the long-term beneficiaries of his action may be the Communists, who have a good track record of patient organisation and control some two-fifths of the Arab municipalities.

All shades of Israeli opinion were impressed by the success of the one-day general strike by Arabs on December 21 ("Peace Day") which marked the climax of the first phase of the uprising. It was followed with virtual unanimity both by Israeli Arabs and by those of the territories themselves, and led some Arabs to hope that the different factions might coalesce into a single group for this year's elections. But the antagonism between the Communists and the PLP runs so deep that this seems very unlikely.

Mr Emile Habibi, editor of the Communist party daily Al Ittihad, describes the PLP as "very reactionary" and accuses it of "manoeuvring to unite with the Islamic trend," while the PLP accuses the Communists of refusing to recognise the Palestinian identity of Israel's Arabs.

But Mr Habibi also rejects the idea of "an Arab party or Arab list" on principle, "because we do not want to be put in a political ghetto. Without the Jewish democratic forces in Israel there can be no progress and no peace."

This did not, he pointed out, prevent Arab members of parliament and local council chairmen belonging to different parties from co-operating on matters of common interest, as they did in calling the demonstrations of December 21 and January 23 and in a number of other initiatives over the last two years or so. Moreover, under Israel's extreme form of proportional representation it is sometimes possible for small parties to win more seats by campaigning separately than by forming a common list.

To Israeli Jews the Peace Day strike, accompanied by violence even in some villages with a long tradition of friendship towards Jews, came as a considerable shock. Mr Habibi says he did not at first understand why, since it was by no means the first Arab general strike in the history of the state. Then he reached the conclusion that "they were afraid of developing the fact that we are a democratic, active part of the general public opinion of Israel: we forced them to understand that they have to reckon not only with right-wing parties and elements in Israel but they have also to take into consideration a 700,000-strong democratic force [i.e. the Arabs] which makes up more than 17 per cent of Israeli public opinion.

"We're convinced," he concludes, speaking on this point for the great majority of Israel's Arab citizens "that for the benefit of our people there is no other solution but the two-state solution."

N African leaders meet

COL Muammer Gadaffi, the Libyan leader, and President Chadli Bendjedid of Algeria arrived in Tunisia yesterday for a meeting with President Zine El Abidine Ben Ali, as part of efforts to bring about a regional political accord, AP reports from Tunis.

Mr Ben Ali welcomed the two leaders at Sakiet Sidi-Youssef, 124 miles west of Tunis, where they were to take part in ceremonies to mark the 30th anniversary of the bombardment of the town during the French-Algerian War.

Col Gadaffi had not been scheduled to participate in the ceremonies, symbolising Tunisian-Algerian solidarity. His presence was believed to emphasise the recent normalisation of relations between Tunisia and Libya.

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Lionel Barber on a front-runner among the cocktail snacks

As Iowa votes, Bush tails off

ROXANNE, the blonde advance-person for Vice President George Bush, poked her head round the garage door and beckoned to the assembled television camera crews: "OK, you can come on up now."

We had gathered at 4125 River Oaks Drive, a private detached house in an *haute* middle class suburb of Des Moines, for an evening "photo opportunity" with the Vice President. Banished for security reasons to a bone-crunchingly cold garage, most of us had numbly accepted that this campaign event, like so many stage-managed for television, would have little to offer.

In fact, that Sunday evening, on the eve of the Iowa caucuses, the first major election test of the 1988 American presidential election, revealed many of the strengths and weaknesses of Mr Bush. Though he may be the Republican party's national front-runner, he remains, for all his heroic World War II war record and his long public service, a curiously brittle candidate.

The event had been billed as a gathering of undecided Republican voters, a chance for Mr Bush to display his powers of political persuasion. And so we filed upstairs, to a balcony overlooking an open-plan living room filled with cocktail snacks, dinner jackets and a little boy wearing spectacles and a "Vote for George Bush" badge.

As we stared down, like spectators watching a seal show at the zoo, two guests stood out among the sea of faces. Both had a decidely oriental expression, and it took Mr Bush to explain that the two gentlemen were, well, not exactly registered Republican voters, but in fact members of the Japanese Diet (parliament).

Now, for those unfamiliar with the tribulations of Mr Bush's Iowa campaign, it seems only fair to point out that Mr Bush's problems do not lie in the Japanese-American vote. They stem from a perception, fostered with great skill by Mr Bush's chief Republican rival Senator Robert Dole, that the Vice President is oblivous of the everyday problems faced by many jobless, handicapped or underprivileged Americans in this state and, by implication, elsewhere.

ELEVEN presidential candidates were yesterday barnstorming across the midwestern farm state of Iowa before the first major test of the 1988 election campaign, Stewart Fleming reports from Des Moines.

At the Iowa precinct caucuses last night some 200,000 voters were expected to record their presidential preferences.

Their judgments will establish the yardstick by which the candidates' prospects of winning their party's presidential nomination will be measured.

In spite of polls showing that Senator Robert Dole is a clear frontrunner in Iowa in the Republican Party and Representative Richard Gephardt of Missouri has an edge on his Democratic rivals, observers are predicting that the caucuses will again spring a surprise.

Sunday night at River Oaks Drive was revealing because it offered a snapshot of the support Mr Bush sees as his natural electoral base: the affluent, white, educated middle classes who have benefited from the tax-cutting presidency of Ronald Reagan and want more of the same from his Vice President if he makes it to the White House.

Likewise, these voters are impressed with the ease with which Mr Bush can play the international diplomat, citing his previous ambassadorship to Communist China, his time as Director of the CIA or, on this occasion, pulling in a couple of Japanese politicians and sounding savvy about the arcane factional infighting in their national parliament.

Mr Bush's problem is that he does indeed find it difficult to speak to the common man. His sentences bristle with a mixture of what might be called British public schoolboy humour and government-speak, tailing off in the often misguided expectancy that the listener will pick up the gist.

On Sunday morning, during a torrid interview on ABC television, he was asked how he would fare in the caucuses: "Fight back. Can't tell. Behind. Quite a bit behind. So, fight on. Fight in the caucuses. Go down south," he replied, before concluding, "...I don't know the answer to your question."

At the time of writing, Mr Bush's campaign staff are already steering the conversation away from Iowa, preferring to talk about New Hampshire, scene of the pivotal primary election next week, and their great hopes of victories in the Southern primaries on March 8. They are talking about the benefits of organisation and money; and Mr Bush, as everyone knows, has plenty of both.

But those gathered on Sunday night will remember less the fighting talk among his aides and more the last words of a civilised man speaking to like-minded people on the eve of a likely defeat.

The Vice President, flanked by his wife Barbara, looked at the men and women gathered together and, seemingly unaware of the seething mass of cameras crews and reporters above, said: "This has a been a civlised end to an arduous campaign. Coming into the warmth of this house somehow makes it all seem worthwhile."

US Vice President George Bush on the Iowa campaign trail

Senate to probe US-Panama drug trade links

BY NANCY DUNNE IN WASHINGTON

A SENATE Foreign Relations subcommittee yesterday opened hearings on Panama which are expected to detail the close ties between US government agencies and international drug cartels.

Senator John Kerry, chairman of the subcommittee on terrorism, narcotics and international communications, said the hearings, which follow a bi-partisan two-year investigation, will tell a "shocking and disturbing story."

Evidence presented to the hearings will extend beyond the role of Panama's leader, General Manual Antonio Noriega, to the ties between the US-supported Contra rebels and the drug traffic, he said.

It will show how the US put foreign policy considerations above concern about the drug trade, when it was "destabilising whole countries."

The hearings got underway one day after Panama recalled its US ambassador for "urgent consultations," and Gen Noriega ordered an investigation into the Panamanians and Americans who have testified against him.

Two US Federal Grand Juries last week indicted the general on drug trafficking and racketeering charges.

Meanwhile, Gen Noriega added his own accusations in an US television interview on Sunday when he said Mr John Poindexter, the US national security adviser who resigned as a result of the Iran-Contra scandal, had sought Panama's co-operation for an invasion of Nicaragua and had asked to use Panama as a training ground for Contra rebels.

Mr Jose Blandon, Panama's former consul in New York who will testify before the Senate subcommittee today, has linked Col Oliver North, the former Reagan National Security Council aide, with plans to get Panama to help "frame" Nicaragua for delivering arms to the El Salvadorian rebels.

The Reagan Administration is handicapped in its dealings with Panama by an agreement Gen Noriega reached with the Central Intelligence Agency.

According to a report in the Washington Times, the CIA allowed the general to appoint his own military liaison staff with the agency in exchange for consent to use Panama as a regional spy post.

The first witness in the subcommittee hearings, Mr Robert Morgenthau, District Attorney of New York, detailed the growth of drug use in the US and ridiculed the State Department for certifying that many of the Latin American countries were working to limit the drug trade.

Argentinian provinces face financial crisis

BY TIM COONE IN BUENOS AIRES

SEVERAL of Argentina's 23 provinces are facing serious financial difficulties as a result of central government budget cuts and continuing disagreement over the mechanisms of financing local governments.

Mr Jose Domato, governor of the northern augar-producing province of Tucuman, said yesterday that saleries owed to local government employees for January could not be paid and that bonds issued by the provincial bank, Banco de la Provincia de Tucuman, could not be honoured due to lack of funds.

Last month Banco de Salta – another of Argentina's provincial banks, which are owned by local government – was closed temporarily due to lack of funds.

Tucuman has issued over 10m Australs (£1m) worth of bonds, which are widely used as currency for day-to-day transactions. However, reports from Tucuman say that traders are now refusing to accept them, creating a liquidity crisis.

Local government employees have often received their wages in bonds when the provincial government's financial resources ran low.

Last week directors of several provincial banks warned that they could face collapse if the central government did not step in.

The government and central bank are facing intense IMF pressure to cut spending and subsidies, and are unlikely to respond quickly, at least until after negotiations on the release of the next $225m tranche of the IMF standby loan are completed.

Renewed negotiationa are expected this week in Washington between Argentinian and IMF officials on revised first quarter budget estimates.

Mexico broadens foreign policy planning

BY DAVID GARDNER IN MEXICO CITY

MEXICO is algnalling a new approach to the development of foreign policy, for the first time directly involving top officials from the economic ministries, the banks, and the leading public sector companies.

The ruling Institutional Revolutionary Party is today due to unveil a new foreign affairs commission weighted far more towards Mexico's economic interests than similar bodies in the past.

The think-tank is sponsored by Mr Carlos Salinas de Gortari, the young former planning minister chosen to succeed President Miguel de la Madrid. It is part of Mr Salinas'e presidential campaign – which culminates in July elections It is assumed he will win – and reflects his interests by inclnding a separate sub-commission on relations with the Pacific Basin.

The 70-member commission includes the chairmen of the four major nationalised banks, trade and foreign investment experts from the public and private sectors, Mr Angel Gurria, Mexico's chief foreign debt negotiator, and Mr Adrian Lajous Vargas, the foreign trade chief at Pemex, the state oil monopoly.

In a sense this merely recognises that Mexico's ability to exercise national sovereignty – an obsession of the 71-year old regime - is conditioned by external variables like the price of oil (Mexico's main export), international interest rates (affecting its $103bn foreign debt) and the US economy (which buys two thirds of Mexico's goods).

But, however obvious, this is the first time that the leading experts on debt and tbe oil trade, for instance, have been invited to help mould foreign policy.

This has traditionally been the province of a foreign policy establishment which critics have often accused of pandering to the Left, regionally and domestically, by, say, supporting Sandinista Nicaragua in order to buy off local dissent.

This view has always underestimated the national security concerns behind Mexico's attachment to principlea like national self-determination and non-interference in the affairs of other countries - the only line of defence for a country which has chosen not to spend on defence itself.

Thus, despite extreme pressures from the Reagan Administration, a de la Madrid government which has little sympathy for the Sandinistas has nevertheiess persevered witb regional peace efforts. However, the government has pursued its policy less conspicuously than its predecessor, led by the flamboyant President Lopez Portillo.

The weight of the foreign policy establishment will ensure that this remains the case. The new commission includes most of its leading figures plus a fairly plural selection of academics and intellectuals.

These include the poet Octavio Paz and the novelist Carlos Fuentes, both former ambassadors and grouped roughly on the centre-right and centre-left respectively; Hector Aguilar Camin, editor of the new left review Nexos; and Dr Jorge Bustamante, director of the College of the Northern Frontier, who has long agitated to incorporate the rights of Mexican emigrant workers in the US into foreign policy-making.

In case there are any doubts about the lineage of the new initietive, Mr Salinas will be presenting the foreign affairs commission today in Cuatro Cienagas, in the northern state of Coahuila.

This is the birthplace of Venustiano Carranza, Mexico's first post-revolutionary constitutional president, and the ideologue of Mexican nationalism.

Contras cast doubts over talks with Sandinistas

BY OUR FOREIGN STAFF

DOUBTS WERE raised yesterday about a scheduled meeting between Nicaraguan government officials and representativs of the Contra rebels due to be held in Guatemala City tomorrow.

Mr Alfredo Cesar, Contra director, was yesterday quoted by AP in Miami a saying that the rebels wonld delay a resumption of ceasefire negotiations with tbe Sandinistas in the wake of congressional rejection of their aid package.

He said that neither the rebels nor Roman Catholic Church leaders mediating the negotiations would be able to attend the meeting in Guatemala City. The delay would be for only "a few days or a couple of weeks."

President Daniel Ortega and senior Sandinista officials insist the talks centre on the mechanics of ending the conflict wbile the rebels want to discuss a political settiement including reform of the constitution, the army and security forces and the judiciary.

● A bomb thrown into a crowd of onlookers during an anti-Contra protest march in northern Nicaragua killed six peopie and wounded 13, the Defence Ministry said yesterday, Reuter reports from Managua. The explosion, on Saturday, was in the town of Wiwili, 125 miles north of the capital.

WORLD TRADE NEWS

Taiwan starts seeking ways to rejoin Gatt

BY BOB KING IN TAIPEI

TAIWAN has begun seeking ways to rejoin the General Agreement on Trade and Tariffs (Gatt), at the same time as drastically slashing tariffs on most imports and starting to draft a plan to halve its trade surpluses over the next five years.

The driving force behind these moves is the growing realisation of Taiwan's increasing importance in world trade affairs.

The country has maintained, for instance, that, while it is no longer a Gatt signatory, it has adhered to the spirit of the agreement, and that the tariff cuts, award of most-favoured-nation status, and the programme of trade liberalisation recently embarked on, are evidence of that adherence.

"Being a trading nation with such a status, it's obviously to our advantage to be a member of Gatt," an official said. "The sentiment in principle is that, as a non-member, we still follow the spirit of Gatt rules, so why not just join?"

The government has not yet taken an official stand on the question, reflecting the many external obstacles Taiwan faces in rejoining Gatt, and the divided sentiment within the country over the effect on certain sectors of the economy.

Taiwan previously left - or was expelled from - most major international bodies because it insisted on being called "the Republic of China" - which still claims sovereignty over all of China.

Most major nations recognise the Peking government, and would probably be reluctant indirectly to endorse Taipei's claim to legitimacy by allowing it to rejoin international organisations under that name.

The local press - considered a sounding-board for talks within the government - has suggested Taiwan might re-integrate itself into the world community under various names. These include China (Taiwan) and China (Taipei) - concessions that would have been unthinkable a year ago.

Taiwan is removing many of the internal barriers towards fuller internationalisation of its trade practices. President Lee Teng-hui has signed into law tariff cuts averaging 50 per cent on more than 3,500 items, which represent 81 per cent of the goods on Taiwan's duty schedule. These cuts became effective yesterday.

The Foreign Trade Board has begun circulating a draft proposal that could halve Taiwan's trade surplus - which exceeded $19bn (£10.6bn) last year - within five years.

BAe likely to sign Daewoo deal soon

By Maggie Ford in Seoul

BRITISH Aerospace is expected shortly to sign a $240m (£133m) contract with the Daewoo group, one of South Korea's top four companies, to produce parts for the European Airbus.

The contract could open the way for further collaboration between the two companies over the production of Hawk military trainer jets. Daewoo already produces parts for the wings of the Hawk.

The deal underscores efforts by BAs to source parts and components abroad in cheaper countries. The company has already instituted a training programme for Daewoo engineers.

The wing parts for the Airbus A-330 and A-340 are to be made by Daewoo Heavy Industries and will require an investment of $23m this year in new plant. Delivery will be over a 15 year period from 1990.

A decision on the plans to assemble the Hawk trainer in South Korea will probably have to await the installation of the new Government in Seoul later this month.

South Korean companies have already gained experience in the aerospace industry, mainly through collaboration with US companies.

Michael Donne, Aerospace Correspondent, writes: British Aerospace is off-loading about 20 per cent of its share in the development and production of wings for the new A-330 and A-340 Airbuses overseas to ease the burden on its production resources.

BAe has briefed would-be participants for the new programme in the UK and the US, and bids have subsequently flowed in. The Seoul deal is the first firm result of this policy.

BAe builds the wings for the A-300, A-310 and A-320 aircraft. It has built additional facilities to cope with the Hawk wing design, development and production for the A-330 and A-340, but needs more capacity to meet production schedules.

This led to the search for sub-contractors overseas, especially in countries where costs are lower than in the UK and Western Europe. Further contracts are understood to be under discussion.

John Murray Brown reports on non-recourse financing for a new LNG facility

Indonesia's cheque book stays out of sight

PERTAMINA, Indonesia's state oil company, and Industrial Bank of Japan are expected to sign a loan this week on a complex loan financing.

The agreement, under which a group of Japanese banks finance construction of a $400m liquefied natural gas (LNG) facility in Kalimantan, is the latest in a long line of non-recourse financings by the state oil monopoly.

Under the deal, lenders receive no guarantees and the loan is serviced exclusively from project revenues. The idea is not to impact on the debt service of either Pertamina or the government. As one banker puts it, "The bottom line is the government should never have to take out its cheque book."

Non-recourse has long been the backbone of Indonesia's petrochemical industry, from the so-called "advanced payment" schemes of the 1970's to the latest "trustee management" financings. However the method is now being eyed by foreign companies eager to win contracts in a variety of sectors.

With the government setting a ceiling on export credits and demanding strict terms on concessional finance, non-recourse is increasingly viewed as the best and perhaps only way to win business in Indonesia.

Not everyone is happy. Some government officials are concerned Pertamina's success could encourage projects where the economics are less than proven. There has been talk of a fifth oil refinery, despite current excess capacity in the industry. An olefin petrochemical plant in Sumatra, worth $2.3bn, which was postponed in 1983, may also be cranked up.

Most observers agree it will be hard to finance a nuclear plant, which earns revenues in local rupiah. The government is considering the Build-Operate-Transfer model, popularised in Turkey, where to recover costs the contractor runs the plant for up to 15 years before turning it over to the state utility. Given Indonesia's history of currency devaluations, any lender will probably demand dollar settlement, a direct drain on the country's foreign reserves.

"It's the old battle between the holders and the spenders of the purse", says a US banker. He might also have mentioned the battle between US and European banks, long considered leaders in project financing, and the Japanese, who are now making all the running in non-recourse.

One factor is the almost symbiotic link between Japanese construction companies and banks. Financing for a paraxylene chemical plant last November, involved Mitsui, the Japanese conglomerate, acting both as contractor and lender, forming its own finance company to raise the funding. The loan was thus perceived as a strictly Japanese borrowing and so does not soak up potential Indonesian lending in the market.

The idea is not to impact on the debt service of either Pertamina or the government.

Equally elaborate was the $890m financing last year for 2 liquefied petroleum gas plants in Sumatra and Kalimantan. Japan's Export-Import Bank funded 80 per cent, with a 23-bank syndicate and 7 insurance companies covering the balance for what was the first ever yen-denominated project loan made available in dollars. The deal was all the more remarkable given the record of bankruptcies of the Japanese utilities buying the gas under 20 year contracts.

This week's LNG agreement marks a further milestone. The Japanese banks, led by Industrial Bank of Japan, are expected to carry both price and resource risks. They also have no protection against buyer default. In this case the buyer is the China Petroleum Corporation, the Taiwanese utility, which thus involves an extra "cross-border" risk.

Bankers tracking negotiations see the deal as the high water mark of non-recourse. In a labyrinthine arrangement, gas receipts are lodged in an escrow account at Continental Bank International in New York. In strict order the account will service the debt, cover LNG transportation costs and operating costs for the plant, and finally be distributed between Pertamina and the production sharing contractors.

The choice of bank reflects US expertise in trustee financing. It also facilitates distribution to the production-sharing contractors, who are largely US oil companies.

But there are growing misgivings over non-recourse. A report by Mr Widjojo Nitisastro, Indonesia's leading economic thinker, suggests there are few instances where project risks are actually incurred by the lender. Moreover the method is intrinsically more expensive than commercial borrowing backed up by sovereign guarantees.

Even Pertamina appears a little confused as to the status of non-recourse deals. In past annual reports the non-recourse loan has been treated on all three sides of the balance sheet - as a prepayment on the asset side, a borrowing among the liabilities and as an item in the footnotes. Bank Indonesia, in figures of official debt, makes no mention of it.

The World Bank however is less equivocal. Its latest confidential report includes the LNG expansion as part of public debt, put at $39bn in 1987.

Singapore takes firm line on US trade move

SINGAPORE will not revalue its currency to retrieve the Generalised System of Preferences status which the US withdrew last month, Mr Richard Hu, Finance Minister said, **Reuter reports from Singapore.** "We have never believed in using our currency to defend our trade policies," he added.

Washington has accused Hong Kong, Singapore, South Korea and Taiwan of contributing to the US trade deficit by undervaluing their currencies.

Mr Hu added that Singapore would appeal, if necessary, directly to President Ronald Reagan over his decision in January to withdraw GSP from the island.

Senior US officials have claimed that the four had artificially depressed the value of their currencies.

Singapore's policy has always been to keep its currency "as strong as possible" in order to keep inflation down, given the country's dependence on imported raw materials, Mr Hu said.

Mr Sanjoy Chowdhury, a vice-president of Merrill Lynch, said the withdrawal of GSP would not ease US pressure on the four newly-industrialised countries to revalue their currencies to boost sales of US goods in the region.

HK's tourism earnings soar by more than 42%

BY DAVID DODWELL IN HONG KONG

HONG KONG'S earnings from tourism soared by more than 42 per cent last year to HK$25.4bn (£1.8bn) as the total of tourists visiting the territory rose by almost 21 per cent to 4.5m.

For trade officials keen to placate US protectionist sentiment by pointing to a visible trade balance in 1987, the earnings from tourism are an awkward reminder that the territory achieves a substantial - but unquantified - surplus on invisibles trade every year.

Tourism made a striking contribution to buoyancy in Hong Kong's services sector, according to the territory's tourist association. Year-round average hotel occupancy rates were a startling 90 per cent - up from 85 per cent in 1986, despite the fact that four new hotels opened during 1987.

The surge in tourist arrivals appears to have been closely linked with currency shifts, and the spending power of Japanese travellers in particular. A total of 1.03m visitors arrived from Japan, up 42 per cent from 727,000 in 1986. They spent HK$7.02bn, the tourist associations says - up 94 per cent from 1986.

By contrast, visitors from the US increased by 12 per cent from 704,000 to 793,000, while arrivals from Australia fell by 8 per cent from 276,000 to 254,000.

One important change was the surge in travel from Taiwan. In the past, such visitors have had to travel to Hong Kong via second countries.

But last year, Taipei allowed visitors to fly directly to the British territory and Peking opened its doors to tourism from Taiwan. This resulted in arrivals rising by 61 per cent from 220,000 to 354,000.

The Hong Kong government has been facing acute US pressure to revalue its currency to reflect underlying economic fundamentals, and to help correct a runaway visible trade surplus with the US that is likely to have reached HK$70bn in 1987.

An important plank of the government's defence has been that despite the large bilateral surplus with the US, visible trade overall has been in equilibrium. On total trade of more than HK$730bn in 1987, a trade surplus of just HK$80m has been forecast.

BT takes Japan telecom stake

BY DAVID THOMAS

BRITISH Telecom has boosted its presence in Japan by taking a stake in a consortium set up to contest Japan's newly-liberalised international telecommunications business.

The move will pitch BT into competition with Cable and Wireless, another British communications company, which last year won a long struggle to play a leading role in a rival Japanese consortium.

BT is one of four non-Japanese companies taking a stake in International Telecom Japan (ITJ), which intends to offer an international telecommunications service from that country by leasing lines from KDD, the present monopoly international telephone service.

BT is paying Y96m ($414m) for a 2 per cent stake in ITJ. The other new non-Japanese investors are France Cables et Radio, Chase Manhattan, and Schroeder Securities, which will increase the total number of non-Japanese investors in ITJ to 13, holding a combined stake of 10.7 per cent.

The British company refused to say yesterday why it was investing in ITJ, but it is likely to be seen as another attempt to compete with C & W, which has much more business than BT outside Britain. Since its privatisation, BT has challenged C & W in several overseas countries.

C & W holds 16.83 per cent in International Digital Communications, which is also planning to set up an international Japanese telecommunications service based on a new submarine optical fibre cable linking Japan and the US.

Toyota in Philippines venture

BY RICHARD GOURLAY IN MANILA

TOYOTA of Japan has applied to become the third assembler of cars in the Philippines under a government scheme renewed by President Corazon Aquino last December that allows only three manufacturers.

The Japanese group was the only company to submit a detailed proposal to the Board of Investments before yesterday's deadline. Philippine officials said in December that Hyundai and Daewoo Motors of South Korea were competing with Toyota for the third slot but neither submitted detailed proposals.

If approved, Toyota will take over the Delta Motors factory, in which it was a partner and supplier of car kits before foreclosure by the government-owned Philippine National Bank. Officials say Toyota will pay around $15m (£8.3m) for the plant.

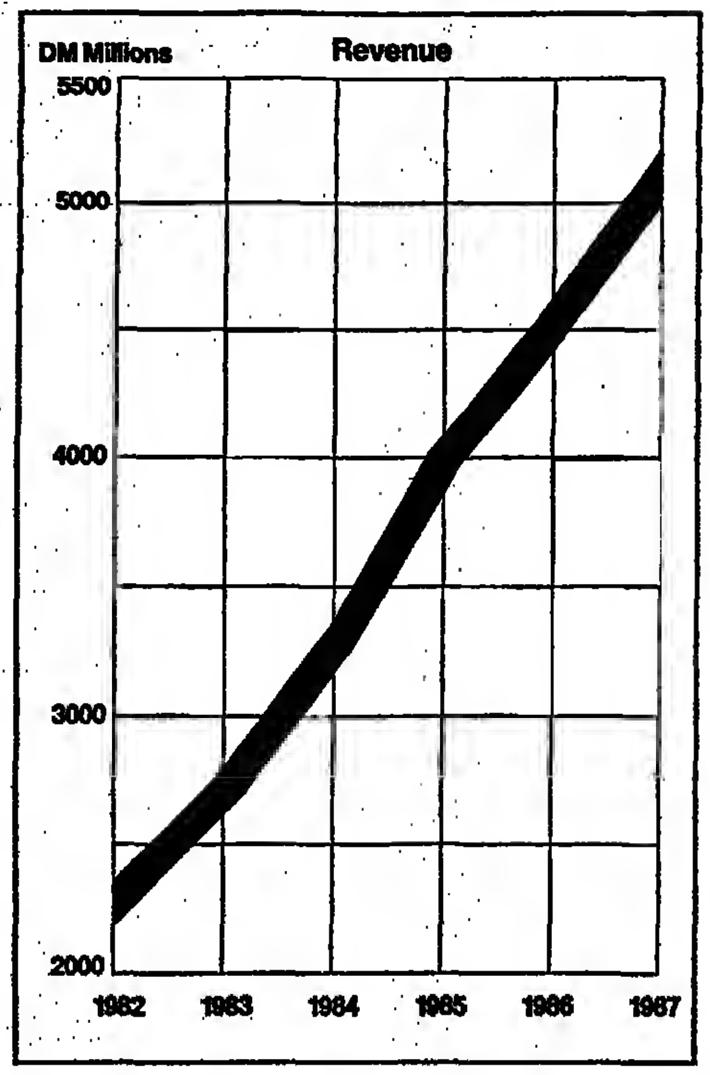
Toyota's proposed deal has been anticipated since mid-1987 but discussion of whether or not the number of assemblers should be limited has taken the government longer than expected.

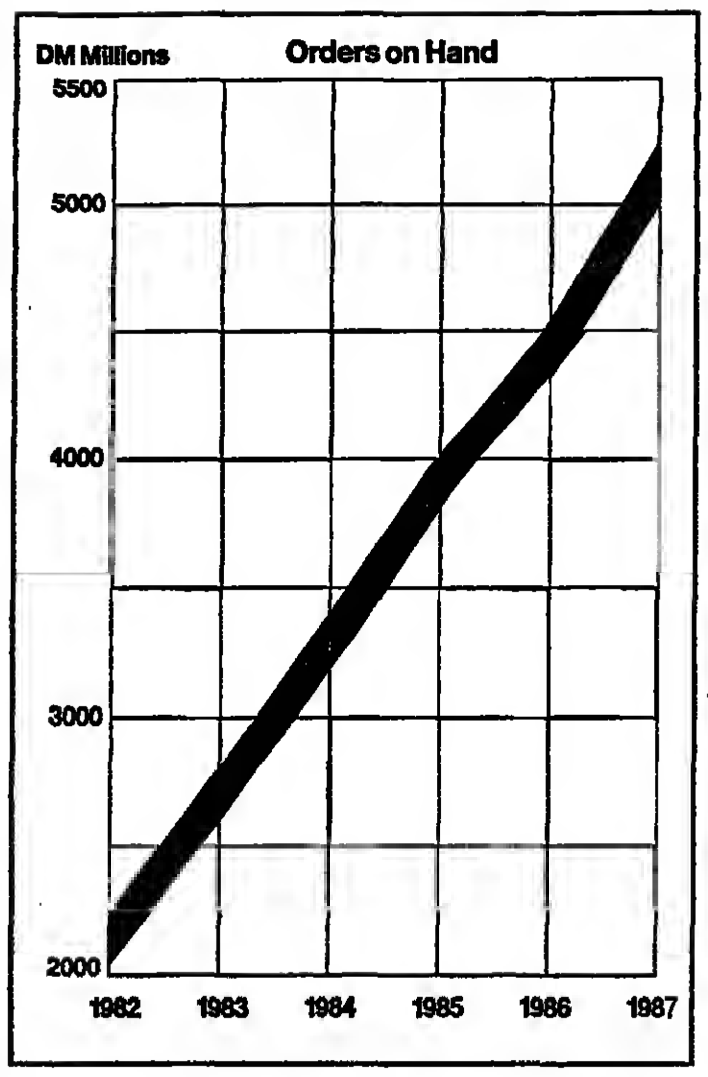
Pilipinas Nissan, an Indonesian-dominated company supplied with completely-knocked-down kits by Nissan, and Pamcor, a local company supplied by Mitsubishi Motors, have applied to stay in the programme.

مكذا من الاصل

Once again, our lines align

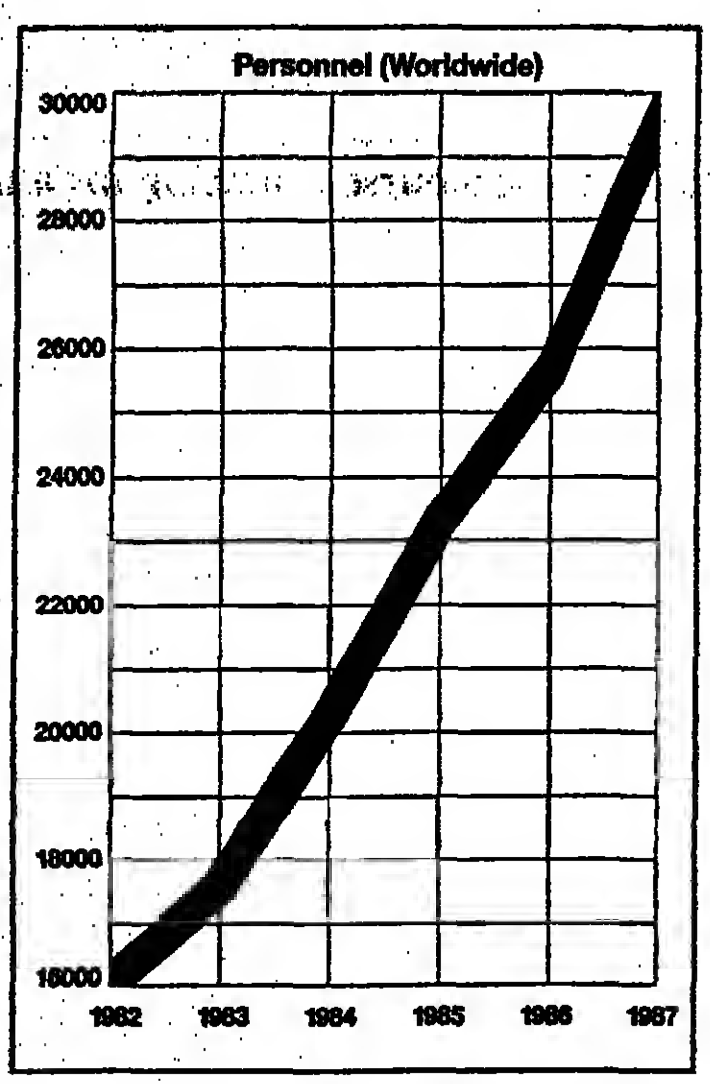
Revenue: Up 13 Percent
Sustained Growth
Nixdorf maintained its consistent pattern of growth in 1987, raising revenue by 13 percent through further expansion in both the German and international markets. The revenue increase from international business alone was eight percent, despite adverse currency movements. The company obtained a growing share of revenue from activities in new markets, including telecommunications and factory automation. Major orders from these sectors demonstrate the company's growing strength and stature in these future-oriented markets.

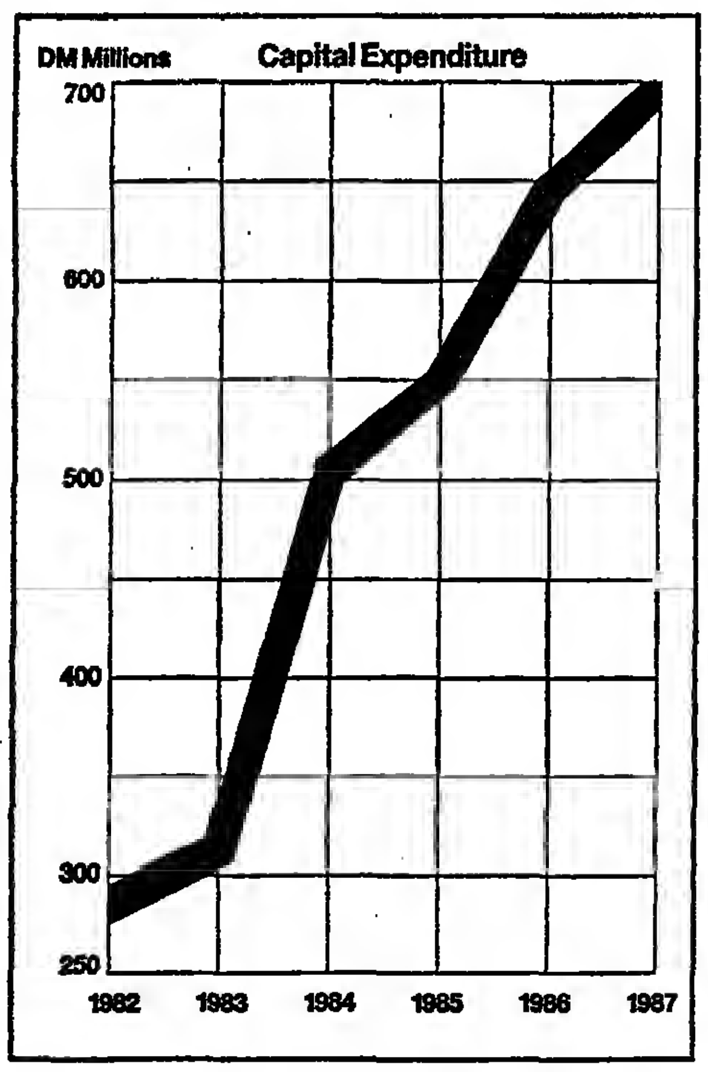




Orders On Hand:
Up 15 Percent
Strong Demand
Orders on hand rose by 15 percent, proving the value of a stable record of investment. Demand for company products and solutions was particularly strong in the small business sector, and amongst retail chains, insurance companies and large manufacturers, which are increasingly installing computers in large networked configurations, in which Nixdorf systems excel. In the government sector, large orders were obtained for post-office counter terminals in European and overseas countries. Nixdorf maintained its leading position in the finance market, boosting its sales of self-service products within banking. Its activities in the telecommunications sector brought in a growing share of revenue.

Employees: Up 15 Percent
3,900 new jobs
New jobs were created, primarily in the sales and service organisation, and in R&D, to provide users with the on-site, quality support that gives Nixdorf a distinct competitive advantage. A measure of the overriding importance the company attaches to extending its services can be seen in the 800 new people in the applications software division alone. This investment in personnel further strengthens Nixdorf's position as a service and solutions-oriented supplier of information technology. In fact, more than half of all Nixdorf's people are employed in customer-support activities. This commitment gives the company a more incisive competitive edge by enhancing its service orientation, software capability, vertical market know-how and its ability to provide not just high quality products, but complete solutions.





Investment: Up 8 Percent
Stronger Competitive Advantage
We continue to invest aggressively. Total spending in research and development (DM 450 million), fixed assets (DM 700 million) and additional staffing amounted to approximately DM 1.5 billion. This substantial outlay is strengthening the strategically important divisions that are taking the company into growth markets. It paves the way for further positive developments, particularly through reinforcement of the company's service and support activities, which lend greater weight to its impact in the marketplace.
Investment was high, but to very good purpose: It consolidates Nixdorf's position as a supplier of complete information technology solutions.

Financial Year '87:
Positioning for the Future
1987 was a year of exceptionally high investment aimed, long term, at strengthening our competitive advantage and gearing the company for sustained growth. The substantial deployment of financial resources for the future is perhaps most evident in our recruitment of 3,900 new people.
Besides taking measures to strengthen our competitive advantage, our major efforts in 1987 were targeted at sustaining the positive earnings trend and continuous dividend policy that is Nixdorf's trademark. As the preliminary results show, the company's position is characterised by stability and financial strength, supported by an equity ratio of more than 60 percent. Audited figures will be available on 19th April.

Outlook '88:
Continuity
With orders on hand up by 15 percent, equivalent in value to a full year's revenue, we have a significant start on the new business year, and a solid base for further growth. In view of the increasing impact of information technology on the competitiveness of companies and entire national economies, we expect users to continue their capital spending on IT solutions. Nixdorf has the systems and services to meet these needs. Harnessing this trend will keep Nixdorf on course for profitable growth. And keep our lines aligned, next year.

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NIXDORF
COMPUTER

London markets 'poised' if US restricts trading

BY PETER RIDDELL, POLITICAL EDITOR

ANY action which US regulatory authorities may take to impose trading limits on share price movements will be seized upon by the British Government in an attempt to attract financial business across the Atlantic to the London Stock Exchange.

Department of Trade and Industry ministers firmly reject suggestions that such restrictions should be imposed on the free movement of stock market prices.

British officiala hnve been studying developments in New York and Tokyo afterthe sharp falls in share prices which began with Black Monday last October 19.

However, Lord Young, the Trade and Industry Secretary, has specifically ruled out adoption of the recommendation in the Brady report, whicb was commissioned by President Reagan to investigate the market collapse, for so-called circuit-breakers. This is the idea that trading in an individual share should be halted once its price has moved more than a certain percentage in either direction during a particular trading session.

British ministers believe that such artificial restrictions would divert business elsewhere. They believe that such limits are not needed in the London market, which proved its ability to cope with considerable strains last October.

Consequently, miniaters argue that the London markets should actively seek to attract buainess from New York if tigher restrictions are imposed by the Reagan administration and the US authorities. Their view is that London ie well-placed to benefit from any regulatory changes elsewhere.

These ideas hnve so far been discussed mainly behind-the-scenes by trade and industry ministers, the Treasury, the Bank of England and the Stock Exchange. These has been practically no discussion among MPs, and none of the House of Commons select committees is discussing the subject.

BP to join forces with Statoil on technology

BY STEVEN BUTLER

BP and Statoil, the Norwegian state oil company, are combining their resources to develop offshore drilling technology while aiming to encourage technology transfer between industry and universities.

The two companies have earmarked £3.1m to back production related research in three broad areas – cold regions research, reservoir technology and drilling technology. The work is to be carried out at institutions both in the UK and in Norway and would address key difficulties that lie in the way of exploring and developing oilfields in the harsh Barents Sea, to the north of Norway.

This will be the first time the two companies have collaborated to develop commercial technology and is seen as a first step in a broader effort to work together with academics.

The University of East Anglia and Sintef of Trondheim will atudy ice formation on vessels, mobile drilling rigs, and fixed atructures. Statoil currrently operates a semi-aubmersible drilling rig in the Barents Sea which is fitted with instruments developed at BP's Sunbury Research Centre.

A second project will study the rate of ice advance, retreat and abstraction in the Barents Sea through analysis of satellite image data.

Nuclear magnetic resonance, developed mainly for medical purposes, will be employed to study the flow of fluids and to identify and quantify absorbed fluids in the rocks of an oil reservoir.

The Rogaland Research Institute and Winfrith Petroleum Technology will study enhanced oil recovery methods which involve adding polymer to water injected into oil reservoirs.

Parliament welcomes war crimes inquiry

By Ivor Owen

AN INQUIRY into the possibility of prosecuting alleged Nazi war criminals – including 17 people now resident in the United Kingdom – was announced by Mr Douglas Hurd, the Home Secretary, in the House of Commons yesterday.

There was a general, but not unanimous, welcome for his decision to ask Sir Thomas Hetherington, the former Director of Public Prosecutions, and Mr William Chalmers, former Scottish legal official, to undertake the inquiry which could take 12 months to complete and may involve conducting interviews in the Soviet Union.

Mr Hurd explained that 10 of the suspects had been identified by the Simon Wiesenthal Centre, the organisation dedicated to tracking down war criminals.

The existence of the other seven was brought to light by Scottish Television.

All the allegations related to events before the 17 either became British citizens or took up residence in the UK.

Mr Hurd said the legal complexities stemmed from the fact that all the cases in question releted to territories now controlled by the Soviet Union – with wbom the UK did not have an extradition treaty.

UK courts did not bave jurisdiction to try offences of murder and manslaughter committed abroad when the accused was not a British citizen at the time of the offence, Mr Hurd said.

The Home Secretary stressed, "If we were to prosecute in these cases we should need to legislate to extend the jurisdiction of our courts."

Should such a ehange be made, it would be up to the prosecuting authorities to decide whether any action should be taken in individual cases.

Mr Roy Hattersley, Labour's Deputy Leader and Shadow Home Secretary, welcomed the announcement and acknowledged that the passage of almost half a century raised problems of principle as well as practice whicb required the Government to proceed with care.

Mr Ivor Stanbrook, Conservative member of Parliament, said that Mr Hurd's decision could lead to "a witch hunt."

John Gapper reports on the determined mood at Ford UK's Dagenham plants

Strikers settle in for a long fight

Pickets outside the Dagenham engine assembly plant near London

THE ONLY assembly work in evidence at the Dagenham plant of Ford UK yesterday was on a brand new wooden shed being carefully erected outside Gate 20 of the Ford industrial estate. "We plan on being here for a while, as you can see," said a picket.

Under blue skies, 11,000 workers at five Dagenham plants in Essex were starting their first national strike for n decade in determined mood. News of the resultant lay-off of 2,000 workers at Ford's plant in Genk, Belgium was greeted happily. "Germany will be next," was one reaction.

The conventional bravado of the picket line was more muted when conversation turned from the iniquities of Ford's proposed three-year deal to how long the shed would be required outside the gates of the company's largest collection of plants in Britain.

Mr Stan Seaforth, a Transport and General Workera' Union (TGWU) deputy convener, felt tbe rigours of assembly line work pointed to a prolonged dispute. "The tradition here is that it is hard to get them out, but once they are out, it is just as hard to get them back again," he said.

Others feared that the company might use a lengthy dispute to try to break the power of the plants' union conveners. Mr Ned Leary, a TGWU steward, recalled: "We kept telling them what the feeling was, but they thought that we were stewards, so we must be lying."

Yet most felt that no more than two weeks of action would be enough to clear the way for fresh negotiations. This sprung from a belief that Ford had not yet fully implemented ahop-floor changes allowed under a two-year agreement reached in 1985.

One assembly worker said he could see no advantage to Ford in a long dispute. "I cannot see any mileage in it. They having got nothing on the shop-floor to smash through – the last deal did away with all that. There is no pitched battle for them to fight."

Perhaps as a result, the atmosphere on the picket line was relaxed. White-collar staff driving into work past the braziers and the wood blocks piled alongside to fuel them, managed in several cases to pass by without even belng wnved down. Those that stopped were treated amiably.

There was little bellef among the pickets that militancy had been encouraged by n tightening of the local labour market. "People do not really think that it would be easy to get another job – they just think they are getting screwed," said one steward.

That view was supported by Mr Bill Regner, a 28-year-old American who has worked in the assembly plant for the last two years. Mr Regner said he believed the only alternative open to him outside Ford would be as a construction labourer in the London docklands.

Mr Seaforth sald bncking among production workers for the strike had been increased by the gradual curtailment of freedom to move internally – under a Dagenham tradition that workers could expect to move off the line to higher-paid ekilled jobs after about four years.

A longer-term fear of redundancies following the restructuring under the three-year deal was also voiced widely. Mr Regner argued that US strikes in the early 1970s bad persuaded companles, including Ford, to slow the pace of lay-offs.

Workers also expressed strong resentment against Mr Mick Murphy, TGWU national automotive officer and leader of the union negotiators, for considering n three-year deal in the face of lingering resentment over the terms of the 1985 agreement.

Mr Seaforth said: "People learned their lesson from the two-year deal. We lost quite a few jobs through efficency savings and demarcation cuts, and the net result is that everyone is having to work harder."

High Court to decide on seamen's strike

BY JIMMY BURNS AND RAYMOND HUGHES

THE HIGH COURT is expected to decide today wbether to punish the National Union of Seamen for its alleged contempt of court if it holds that the union defied an order to call off its national atrike.

If Mr Justice Micbael Davies holds the union in contempt he could either impose a fine or give Sealink, the only ferry company now urgently pursuing contempt proceedings, leave to seqnestrate all or part of the union's assets, calculated to be in the region of £5m.

More than 3,000 seamen, of the 7,000 called out, remained on strike yesterday at Dover, Hoiybead, Harwicb, Fleetwood, Liverpool, and Larne aithongb freight traffic across the Englisb Channel waa reported to bave returned to normal.

Sealink UK complained yesterday thnt for three days last week tbe union disobeyed an injunction granted last Monday ordering it to end the etrike. The High Court bad ruled tbat tbe strike was secondary action held without a ballot and thus illegal.

Mr Sam McClnskie, the union's general secretary apologised to the court for any disobedlence by tbe nnion wbicb "had not intended to act unlawfully." He stated that on the advice of the union's lawyers he had ordered members back to work.

In the High Court yesterday, Peninsular and Oriental European Ferries reversed its previonaly punitive attitnde towards the union by accepting that the continuing strike against the company nt Dover by more than 2,000 of its employees was primary industrial action by seafarers who believed they had a grievance against the company. The company also accepted that a ballot had taken place.

Four other P&O passenger ferry companies temporarily suspended tbeir pnrsuit of seqneatration becanae tbe vessels involved were sailing again.

A sixth P&O company, which operates freight services from Fleetwood, Larne, and Liverpool asked the court to defer its seqneatration application until Thursday.

The company is understood to bnve accepted that those atill atriking are defying a union order because of opposition from the membership to tbe leadership of Mr McClnskie.

In Brief

BT to open technology centre in Glasgow

British Telecom is to establish a £5m systems and software engineering centre in Glasgow, with the prospect of eventually crenting 100 jobs, writes James Buxton.

The centre will be the fifth to be set up by BT's Research and Technology Executive and will meet BT's growing need for software.

Cochrane wins UK tanker order

Cochrane Shipbuilders, a subsidiary of the Australian-owned North British Maritime Group, has won an order to build a amall 2,500 deadweight tonnes oil-products tanker for Bowker & King, a major UK operator of coastal shipping. The tanker is the first of its type to be ordered by a UK shipowner for several years.

Sporting forecast

Expenditure on sporting activities is forecast to be the fastest growing sector of UK leisure industries into the early 1990s, according to a recent report by Staniland Hall Associates, a UK market forecasting company.

Drinks competition

Specialist off-licences in Britain have faced mounting competition from large stores selling food and liquor, a development which has helped expansion but pnt a downwerd pressure on prices, according to a report by Euromonitor, the market research organisation.

Actuary approved

The Institute of Actuaries, one of the two professional actuarial bodies in the UK, has gained interim recognition as a Recognised Professional Body from the Securities and Investments Board.

'Secret' service

Most small businesses in Britain have not heard of the Small Firms Service, the main UK government organisation intended to provide them with advice, according to a survey by The Forum of Private Business, one of the largest small firm lobby groups.

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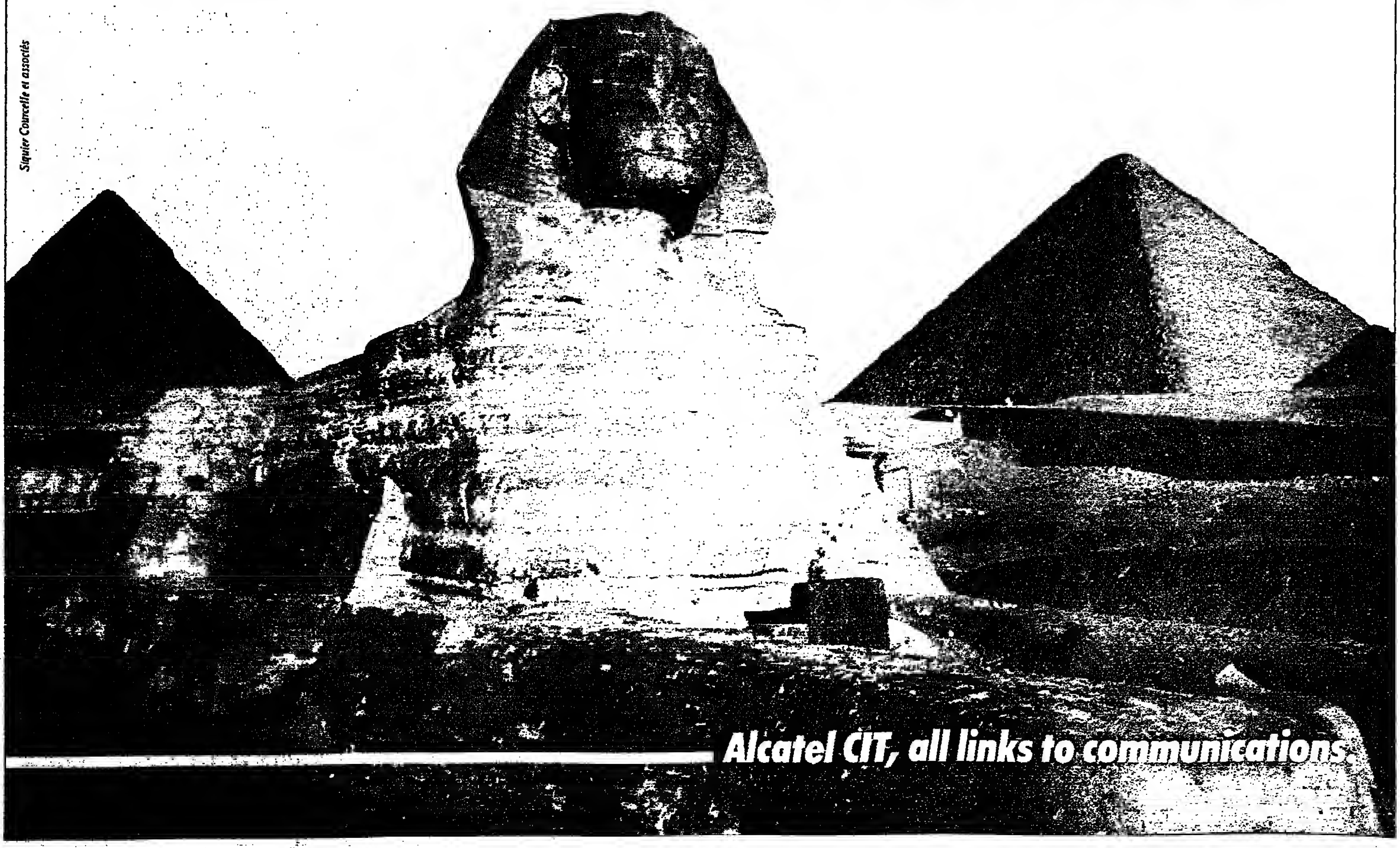

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FT

DATA CONTRAST ON OUTLOOK FOR INFLATION

Consumer debt up 18% as spree gathers pace

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

BRITAIN'S consumers increased their outstanding debt 18 per cent last year as the retail spending spree gathered pace.

Official figures released yesterday by the Department of Trade and Industry show that outstanding credit jumped from £30.8bn at the end of 1986 to £36.4bn in December of last year. The figures cover lending by retailers, bank credit cards and personal loans, and by specialist finance houses.

Separately, the Department said that it had revised upwards its estimate of the level of retail sales in December, which had previously suggested a 1 per cent fall. The revised estimate suggests that the volume of spending during the month was unchanged from the high level seen in November.

The two sets of figures reinforced the concern of some City of London economists that the rapid pace of growth in the economy in the second half of 1987 has brought it close to a period of "inflationary overheating".

They suggest that October's stock market crash had little adverse impact on the buoyancy of demand in the economy, which has led to a surge in imports and a marked deterioration in Britain's trade position.

That in turn has intensified speculation that a further rise in interest rates may be needed during coming weeks. Mr Robin Leigh-Pemberton, the Governor of the Bank of England, said recently that much of the recent build-up in credit has reflected structural shifts in the financial markets which had boosted the availability of loans to consumers.

Such a once-and-for-all adjustment did not necessarily signal an upsurge in inflationary pressures.

The Bank, however, is known to be concerned with the more general strength of demand in the economy, with the pace of earnings growth and with the widening of the trade gap caused by buoyant consumer spending. Yesterday's figures show that the volume of retail sales in 1987 was nearly 6 per cent higher than a year earlier. That followed a 5.3 per cent increase in 1986.

Yesterday, the official line was that it was premature to talk in terms of higher interest rates in response to the latest figures. Without signs of some moderation in the growth of domestic demand in coming weeks, however, it is likely that the Bank will press the Treasury to agree a further rise in borrowing costs.

Producer output prices level off

By Simon Holberton

THERE were were signs last month of a moderation in the growth rate of prices of goods leaving the factory gate as British manufacturers appeared to exercise restraint in their usual start of year price review.

Independent economists are split between those who think Britain is continuing to grow too fast and those who believe the economy is beginning to slow down.

Trends in producer prices are being scrutinised by economists for signs of a resurgence in inflationary pressures. Yesterday's figures, however, do not appear to lend support to those who believe inflationary pressures are building up.

The Department of Trade and Industry's index of output prices was 3.8 per cent higher at the end of January than a year ago, compared with 3.9 per cent higher in the year to the end of December. In January the Department's index rose 0.7 per cent, up from 0.3 per cent in December.

British industry usually raises the prices of its goods at the beginning of the year. The Department said the 0.7 per cent rise in prices in January was broadly based and reflected the tendency for industry to concentrate its price rises at the beginning of the year.

Manufacturers appear to be responding to the constraints imposed upon them by the Government's firm exchange rate policy. With demand in the economy still bouyant, manufacturers would run the risk of sacrificing market share to imports if they increased their prices too much.

The DTI's index of producer prices (1980=100) was provisionally 154.6 in January compared with a provisional 153.6 in December.

Manufacturers' costs of materials and fuel rose a seasonally adjusted 0.2 per cent in January, to give an unadjusted 3.5 per cent gain for the year.

Budget 'offers scope for big tax reforms'

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

THE ECONOMIC and political scope for a major overhaul of Britain's tax system has rarely been greater than that offered by next month's budget, the Institute for Fiscal Studies said yesterday.

In its Green Budget detailing the options on March 15, the IFS says that the extraordinary buoyancy of government revenues has given Mr Nigel Lawson, the Chancellor of the Exchequer, some £9bn to split between lower borrowing and cuts in tax rates.

That embarassment of riches will allow him to minimise the number of "losers" from changes in the tax system. A substantial "giveaway" in the first budget of the new parliament will also provide the opportunity for less populist changes, such as reductions in the higher rates of income tax.

The IFS, which has prepared its analysis in co-operation with economists at securities house Goldman Sachs, says that the recent buoyancy of domestic demand in the economy will act as the main constraint on the Chancellor.

The risk of "inflationary overheating" and the prospect of a further steady deterioration in Britain's trade deficit suggest that the Government will want to appear both generous and prudent.

In those circumstances Mr Lawson may opt to make net tax cuts of around £4bn. A further £4bn could be used to reduce the prospective public sector borrowing requirement in 1988/89 to zero, while £1bn of revenues could be "lost" in the government's accounts as a useful reserve.

The fears of too-rapid growth in the domestic economy when growth in the remainder of the world remains sluggish may also affect the composition of tax cuts. Mr Lawson may decide to focus tax cuts in areas which will improve the supply response of the economy rather than in those which will give a general boost to demand and further stimulate imports.

Even within those constraints, however, the options are numerous and the Government could limit the cost of major tax reform by announcing measures which will be phased in over a number of years.

Cuts in tax rates over and above the £4bn could be financed by raising additional revenue elsewhere - large increases in tobacco duties and some extension of value added tax are possibilities.

Mr Nigel Lawson

The most obvious Budget measure is a cut in the basic rate of tax from 27p to 25p, perhaps in one move or alternately phased over two years.

As to the higher rates, the IFS says that Mr Lawson's eventual aim is probably a single 40p higher rate to replace the present five bands. This year, however, he is more likely to opt for a 10p reduction in the present higher rates coupled with a 10 per cent rise in the thresholds before those rates apply.

The IFS believes that abolition of the upper earnings ceiling on National Insurance Contributions, which has been heavily canvassed, is less likely. Such a move would create serious complications for the state earnings-related pension scheme.

The Chancellor has made it clear that he is unlikely to abolish capital gains tax, but he could act to make it fairer by removing the tax on gains dating from before 1982.

Looking to the process of longer-term reform, the IFS says that the Government could make a start in both the personal and corporate sectors. By freezing the married man's tax allowance and raising the single person's allowance he could begin a gradual move towards partially transferable allowances for husbands and wives.

In the corporate sector he might announce a phased reduction of corporation tax from its present 35 per cent and the abolition of licence royalties paid by North Sea oil companies.

Tories demand NHS bonus

By Peter Riddell, Political Editor

ADDITIONAL money for Britain's National Health Service should have priority over a general cut in taxes in the March 15 Budget, the Tory Reform Group, a conservative extra-parliamentary organisation, maintains in a submission today.

Sir Alan Greengross, chairman of the group and former conservative leader on the Greater London Council, argues that by general consent it is time for a bonus share issue for health.

"It would be deeply offensive to many people, in all parties, if the major bonus share in this year's budget was to go to those on higher incomes until or unless the most pressing needs of the NHS are also met."

Maggie Urry looks at an apparent glut of newsprint

Optimistic paper makers bank on good circulation

NORTH British Newsprint, an offshoot of privately-owned Scottish company Stirling Fibre, is expected to announce tomorrow the go-ahead for an ambitions projeet to build a 200,000-tonnes-a-year newsprint plant on a redundant British Steel site in Gartcosh, Lanarkshire.

Meanwhile, at Shotton, in North Wales, on another former British Steel site, Finnish-owned United Paper Mills is building a second newsprint machine destined to double its capacity to 400,000 tonnes a year.

Added to plans elsewhere in Europe to expand newsprint capacity, there is a threat that in 1990 the supply/demand balance will swing back to the purchasers' favour, with all which that entails for prices.

It is easy to see why newsprint makers are keen to expand production in the current market. Newsprint buyers, largely the newspaper groups, say that supplies are tight and prices rising.

For the manufacturers, that means strong profits as their plants work near capacity. And in the UK every tonne is fetching a price nearly 25 per cent higher than 18 months ago with the latest rise a 6.25 per cent increase to £400 a tonne at the beginning of the year.

The UK market for newsprint topped 1.6m tonnes last year. Thus an addition to capacity of 400,000 tonnes would be equivalent to a sizeable 25 per cent. At first sight that suggests a vicious fight among producers to hold market share, reductions in capacity use, price cuts and a sharp fall in profits. That prospect would cast doubt on the wisdom of making these investments – likely to total £250m between Shotton and Gartcosh.

Indeed, the news from North dritish Newsprint is not entirely welcomed by others in the industry. Sir Jonathon Benn, head of Reed International's European paper business, including a newsprint mill in Aylesford, Kent producing around 65,000 tonnes a year, says: "I do not think the newsprint market needs that extra capacity."

However, there are reasons why too pessimistic a view might prove wrong. UK usage of newsprint has recently been rising at a rate above the long-term trend of around 2½ per cent a year – 5 per cent in 1987 – as newspapers have expanded the number of pages in each copy, added sections, and increased circulation and as new newspapers have appeared. Recent newcomers to the national scene, for instance, include the colour tabloid Today and the quality broadsheet Independent.

If that faster growth rate continues, the volume of newsprint required could rise to 1.75m or 1.8m tonnes by 1990, taking up perhaps half the new capacity. On the other hand if economic growth slows and volumes of advertising fall or newspaper circulation figures decline, growth in newsprint consumption may be below trend for a while.

More important, the UK market cannot be looked at in isolation, since newsprint can be shipped all over the world to satisfy demand. In the early 1980s, when newsprint consumption was falling in the UK, the entire British production, barring Reed's Aylesford plant, was closed down. Imports – mainly from Canada and Scandinavia – made up more than 90 per cent of consumption.

Since then Bowater's old Bridgewater mill at Ellesmere Port in north west England was refurbished by Consolidated Bathurst of Canada, reopening at the end of 1983 and the first machine at Shotton started production in 1985. The former's capacity is 260,000 tonnes and the latter's 200,000.

UK capacity to produce newsprint has risen from 80,000 tonnes to around 525,000 tonnes. While some is exported, most is sold in the UK, squeezing ont imports. Even with an extra 400,000 tonnes of capacity by 1990 only about half the UK market will be satisfied from home production.

Although prices of newsprint are roughly the same whatever the source, UK users find advantages in being supplied from UK production. While wanting to maintain a variety of sources, the lead times in ordering from UK mills are much shorter.

It would seem probable, then, that the additions to UK capacity can find a market within the UK at the expense once again of imports, unless imports will only hold their market share if prices fall to undercut UK prices. A recession in the US, for example, might cause the Canadian producers to look to the UK for extra sales. In 1987 Canadian exports to the EC were well below their maximum duty-free quota.

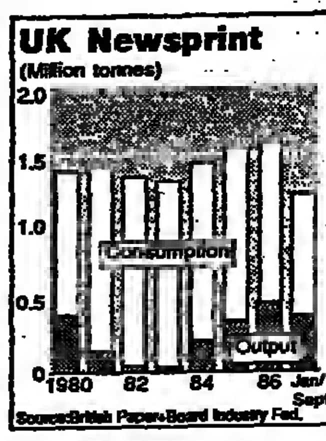
If usage in North America falls, perhaps after November's US presidential election, the Canadians would be tempted to sell more in Europe and have the reputation of being reckless in pricing. And should the US dollar remain weak, newsprint from North America could prove extremely competitive.

Significantly, North British Newsprint will, like Reed's plant, use only recycled waste paper as its raw material. Bridgewater is using 60 per cent waste, and part of Shotton's expansion plan is to introduce waste to make around a quarter of its mix.

This may give UK producers a cost edge over Scandinavian suppliers who lack domestic sources of waste paper and must rely on trees. Even those trees are more expensive to produce than in the UK.

In the worst case for producers, if newsprint prices fall, the UK makers will at least have the comfort of a domestic market twice the size of available capacity.

UK Newsprint
(Million tonnes)



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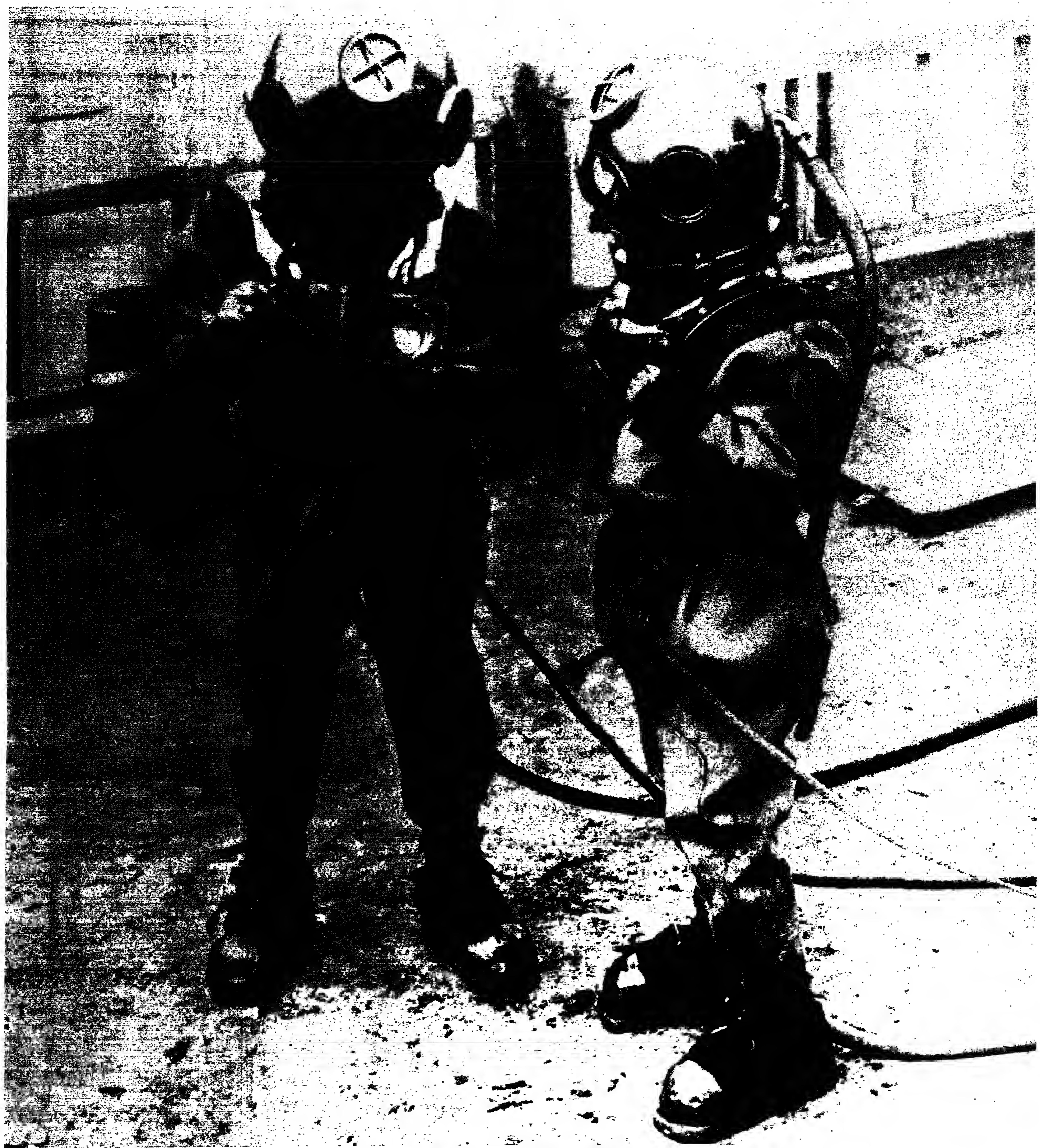

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City rules not OK, say data processing managers

Alan Cane talks to Michael Jones of Capel-Cure Myers about the technical side of compliance with the Financial Services Act

Michael Jones, technical director of Capel-Cure Myers. Detailed interpretation of thousands of rules is causing problems for system designers

SYSTEMS chiefs at securities firms in the City heaved sighs of relief last week as the news filtered out that the Securities and Investments Board (SIB), the markets' chief policeman, had relaxed its timescale for compliance with key areas of the Financial Services Act.

Their delight was tempered with the knowledge, however, that in many critical areas, they were still expected to meet what many believe to be impossible schedules.

Their anxieties, and indeed the speed with which the SIB moved to alleviate their distress, all underline the gap which seems to exist between the authorities in the securities markets who make the rules and the computer experts who are expected to design and build the systems which will facilitate compliance.

Under the terms of the Financial Services Act, City firms regulate themselves through a series of self-regulatory organisations – The Securities Association (TSA), the Investmeot Management Regulatory Organisation (IMRO) and so on. Each of these SROs has its own rules.

The problem is that agreement has to be reached on the detailed interpretation of all those thousands of rules before a design of a computer system can be initiated or a single line of computer code written.

Technical directors complain that many areas remain where they have been given too little information to start work on sensible systems.

A first version of The Securities Association rule book was published in July 1987, leading, according to Michael Jones, technical director of Capel-Cure Myers, to a summer of discontent while firms sought exact interpretations of the various provisions.

On December 23, a new versioo of the "Blue Book" arrived. "We had to tear up a large chunk of everything we had done so far and start from scratch," Jones complains. "We did not even have enough information to carry out a basic design study."

Some of the new rules did not make sense, some were ambiguous, some were clearly wrong and some were noticeable by their absence.

Rules written in English can allow some ambiguity without fear of misinterpretation but rules written for a computer system have to be exact in every detail or the management reports they generate will be misleading or inaccurate.

It all means a huge programming effort. Forthermore, the daily data processing load in a firm the size of Capel-Cure Myers is substantial. It has just installed a large new mainframe computer, a £750,000 National Advanced Systems VL50, the first in Europe. It uses traditional systems development techniques – systems analysis, followed by systems design, coding and testing. It does not yet use modern methods of generating systems quickly like fourth generation languages.

Dealing reports are entered through the day, bot processed during the night using a package from the services company CCF.

Jones calculates that the extra programming to develop new systems for compliance could add three or four hours processing time every night: "I am quite convinced that an awful lot of people are going to be hard hit by this," he says.

The full extent of the problem became obvious last month when representatives from a group of the larger securities houses held a meeting with eight of the UK's leading software houses to discuss the possibility of developing from scratch a compliance software package.

The meeting ended in disarray when it became clear that the securities firms could oot agree on an interpretation of the rules which would allow the software houses to draw up a functional specification.

Last week, a group of 30 firms including Barclays de Zoete Wedd, County NatWest, Phillips and Drew, James Capel, Kitkat and Aitken and Capel-Cure Myers, all of which use the CCF software package, held meetings with the SIB and The Securities Association to seek further explanations of the rules and to make clear their anxieties about the implementation timescale.

Now the SIB has made clear that it is willing to relax its schedule for the installatioo of systems to track "counterpart risk", the risk that a deal contracted for a client will go wrong leaving the firm with bad debts.

It will now allow firms until October 1, to bring their counter-party risk systems up to scratch.

It also seems willing to allow firms more flexibility over clieot agreements. Jones had warned that a firm like Capel-Cure Myers was faced with sending out 20,000 detailed letters of agreement to private clients to be signed and returned by April 25, the day oo which the oew rules are expected to take effect.

Clients who did not respond by the agreed date would have to have their accounts haodled separately from those which had opted in. Either way, the firm was faced with extra data processing and extra work for its back office.

The SIB now seems to be suggesting that it will make transition arrangements to ameliorate the problem.

Given these unexpected concessions, what are the outstanding difficulties? Jones believes that the regulations dealing with client's money are comparatively clear and that most firms should be able to meet them.

The relaxatioo of the timescale on counterparty risk has gone a long way to solving the difficulties over capital adequacy, and client agreemeots may not be the enormous problem it once seemed to be.

But he is still unhappy about the question of intermediaries – accountants, solicitors and so on who each take their own view of the regulations. He also has a raft of questions about the Conduct of Business regulations. "The new rules are three times the weight of the first set; I weighed them to make sure," he says.

And there is the knotty question of the valuatioo of a stock which, as things stand, could require a stockbroker to perform superhuman feats of investigation going back over many years from the point at which he took responsibility for the stock. "Initial valuation is a quite enormous problem," says Jones.

The authorities showed flexibility over the rules before, when they agreed to postpone operation of the notorious Section 62 – which gives a client the right to legal remedies if a firm makes a mistake – until October this year.

Jones takes no comfort from that. "It is a fallacy. We have taken legal advice and we are clear that the regulations become effective from April 25. After that date, clients will be able to sue us if we screw it up."

WORTH WATCHING

Edited by Geoffrey Charlish

Perkins calls in US translator

PERKINS ENGINES, which exports 85 per cent of its output, is tackling the problem of foreign language user manuals with an automatic translation system. This is based on the Microcat computer package marketed by Weider Translations in the US.

Perkins has started with French and has married the Weider system to its own specialised technical dictionary. The result, it claims, is near-perfect technical French at the touch of a button.

The system also cuts costs by speeding the translation process. The software produces in an hour what a skilled translator might take a day to do.

Like all electronic translatioo systems, however, Perkins's machine is not perfect, and results always have to be checked by a professiooal translator. Consistent errors, as tbey occur, are fed back into the machine, which learns to correct them for all subsequent jobs.

Perkins is now working on similar technology for technical translations into Spanish, Italian and German.

Thorn-EMI screens TV room service

TWO-WAY information communications, nsing an hotel room's television set, have been developed by Thorn EMI Business Communications in the UK.

Apart from providing the usual TV services in the room, the system allows gnests to interact with a management computer and call up their account details oo the screen.

At the basic level (model 1000), the system provides a menu from which the customer can choose information screen-pages describing the various hotel services and features. Much higher screen clarity than the customary teletext variety of information is provided.

Thorn EMI's model 2000 enables the management to send private messages to a guest, with graphics allowing Japanese, Arabic or any other language. Restaurant or bar expenditure to date can be displayed.

Beyond this, the model 3000 also provides two-way data communication. The guest can make an onward room booking through the hotel chain's reservation system, log any drinks taken from a room's minibar and check and pay the room account just before departure.

The management can send data in the other direction. It can change the door lock coding and shut down or adjust the heating and ventilation. It can also get immediate warning of fire in the room via detectors and then provide evacuation instructions to guests.

Clean blast along copper pipelines

VACU-BLAST, an abrasive blasting machinery manufacturer of Slough in the UK, has developed a system that will clean 12 six-metre lengths of copper tube at the same time.

When copper tube is made – the kind used in domestic heating and water systems – the final production stages leave an internal layer of carbon which can react with water supplies in some areas to prodoce chemicals that cao eat through the tube wall.

Vacu-Blast's machine can clean tubes at 1,150 six-metre lengths per hour.

Iron grit is blasted in metered amounts from 12 nozzles and the abrasive bounces along the entire length of each tube to produce even and consistent cleaning. The re-usable abrasive is recycled and dust is collected separately for disposal.

£130,000 reward for right ideas

BRITISH TECHNOLOGY Group, a self-financing public organisatioo in the UK that licences new products to industry, has launched an academic enterprise competitioo. The idea is to eocourage co-operation between the academic world and industry, and to promote the transfer of technology from universities and polytechnics into manufacturing.

A total of £130,000 in prize money is on offer and the competition is in two parts. Ooe part aims to encourage academic reseachers to consider setting up their own companies to exploit their research results. The other will try to accelerate technology transfer by any other means.

Toshiba focuses on ISDN link

TOSHIBA CORPORATION of Japan is focusing its ISDN (integrated services digital network) development effort on large scale integrated (LSI) circuits. These will be needed as interfaces to connect existing devices like personal computers to the network.

The company has already developed a high-speed, high-resolution facsimile machine for ISDN Group 4 working. The machine can send an A4-sized document in only three seconds.

It is planned that the Japanese ISDN network, the responsibility of Nippon Telegraph and Telephooe (NTT), will be completed by the year 2001. But by the end of March, NTT will make "2B plus D" services (two user channels and a control channel) available to costomers in Tokyo, Osaka, Nagoya and Tsukuba.

Agfa spreads into electronic imaging

AGFA, tbe West German-Belgian company known mainly for its photographic products, is moving towards electronic imaging.

The company already has a growing presence in the office equipmeot market with microfilm systems, copiers, printers and scanners. Now it has revealed an agreemeot with Philips of The Netherlands to link the latter's Megadoc optical disc system witb Agfa's microfilm technology.

CONTACTS: Perkins: UK, 0733 67474. Thorn EMI: UK, 062882 2181. Vacu-Blast: OK, 0753 26611. British Technology Group: London, 403 6666. Toshiba: Tokyo, 457 2104/5. Agfa: London office, 560 2181.

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PROFILE INFORMATION

Company Notices

LONRHO FINANCE PUBLIC LIMITED COMPANY
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Guaranteed by
Lonrho Public Limited Company (the "Guarantor")

NOTICE IS HEREBY GIVEN to Bondholders, in accordance with the Terms and Conditions of the Bonds, that a meeting of Bondholders will be held at The London Metropole Hotel, 225 Edgware Road, London, W2 1JU on Wednesday, 2nd March, 1988 at 11.45 a.m. to consider and if thought fit to pass the following resolution as an Extraordinary Resolution:—

"THAT for the purposes of the Trust Deed dated 13th August, 1987, constituting the £60,000,000 4½ per cent. Convertible Guaranteed Bonds Due 2002 (the "Bonds") and subject to the necessary authorities being given to Lonrho Public Limited Company, the guarantor of the Bonds ("the Guarantor"), by resolution of the shareholders of the Guarantor from time to time, the Guarantor be and is hereby generally and unconditionally authorised by the holders of the Bonds to make such market purchases (within the meaning of Section 163 (3) of the Companies Act 1985) of ordinary shares of 25p each in its own capital as it thinks fit within the scope of such authorities from its shareholders as are prevailing from time to time."

Registered office:
Cheapside House,
138 Cheapside,
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By Order of the Board
V. G. Taylor
for the Secretaries
Lonrho Finance Public Limited Company
8th February 1988

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(1) Bonds or Receipts (as defined in Condition 6(D)) may be deposited with or to the order of any of the Paying Agents listed below at its specified office for the purpose of obtaining voting certificates or appointing proxies until 48 hours before the time appointed for the holding of the meeting but not thereafter. The proxies named in any block voting instruction need not be Bondholders.

(2) Copies of an explanatory letter, setting out the reasons for, and details of, the Guarantor's proposal that it may purchase ordinary shares of 25p each in its own capital, are available for collection by Bondholders at the specified offices of the Paying Agents listed below during usual business hours up to and including 2nd March, 1988.

(3) The Paying Agents are:—

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Registered office:
Cheapside House,
138 Cheapside,
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V. G. Taylor
for the Secretaries
Lonrho Finance Public Limited Company
8th February 1988

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9th February 1988

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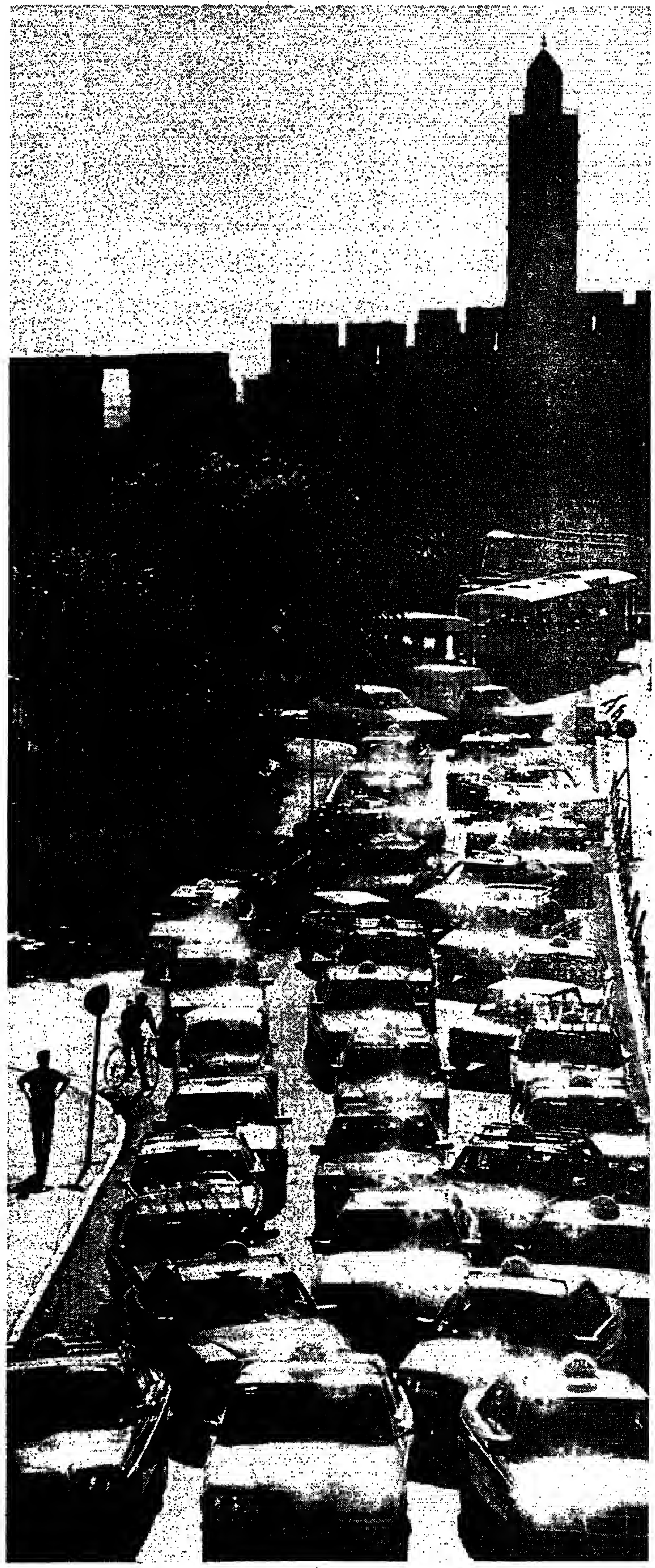

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MANAGEMENT: Small Business

Arjan Gorasia (left), Peter and John Ioannou: forecast sales of £2m for 1988

Can academics make good entrepreneurs?

BY CHARLES BATCHELOR

GEOFFREY CHADWICK, professor of engineering materials at Southampton University, has been devoting more of his time over the past three years to Hi-Tec Metals R&D, a company he set up to develop new casting processes.

He retains his chair at the university but is frequently to be found at Hi-Tec's 6,000 square foot unit on the nearby Chandlers Ford Industrial Estate. Chadwick and his wife Sylvia are joint owners of the £150,000 turnover company which now employs 10 people.

Chadwick is one of a growing number of British academics to set up his own company to capitalise on his expertise. The tradition of universities carrying out research under contract for industry is well-established. But the idea that academics should become commercially involved in exploiting their work is of more recent vintage.

It is also an idea that has been undergoing a certain amount of reassessment recently. Relatively few British academics have founded significant businesses. This is despite the success of Oxford Instruments, the superconducting magnets company set up by Martin Wood in his garden shed in the late 1950s when a university researcher, and the growth of the Cambridge Phenomenon (the cluster of small high-tech companies around the Cambridge Science Park).

"I've moved to the view that there are better ways of exploiting university research than getting academics to go into business," says Nick Pasricha, partner in charge of the small companies division at accountants Arthur Young. "Academics are not businessmen and perhaps we shouldn't try to make them."

"I'm very sceptical about the idea," notes Jeffe Jeffers, director of the South Bank Technopark, a newly launched science park alongside London's South Bank Polytechnic. "If you look at science parks as a whole you don't find that a lot of the companies have been started by academics. And where they have their lack of commercial expertise means they are not the fastest growers."

Part of the problem is that Britain – and other European countries – has attempted to exploit an American phenomenon while lacking the conditions which have made for success in the US.

"In the US academics are likely to have had experience as R&D manager in e large activities.

Attitudes have changed in many, though by no means all, institutions, says Matthew Bullock, who is in charge of high-tech investments at Barclays Bank.

An individual's willingness to cut free depends largely on his position in the academic hierarchy. Established academics with tenure are understandably less willing to make a break while research students on short-term contracts feel fewer constraints.

John Ioannou, an electronics graduate, was halfway through his PhD studies at the South Bank Polytechnic when he decided to set up in business with his brother Peter and a college friend. They formed AJP Business Computers to design and assemble IBM-compatible equipment from bought-in components and rented space on the Technopark.

Set up last April, AJP expects sales of £2m in 1988 and already employs seven people, including the three founders. None of the three had any formal business training but the Ioannous' father is in business – curreotly in property – so the brothers came from an entrepreneurial background.

company as well as working in a university," says Tony Lorenz, managing director of ECI Ventures. "In Europe academics have more of an ivory tower approach."

"American companies – academic or otherwise – have the advantage of a large homogeneous market and much higher spending by agencies such as the Department of Defense and NASA," notes Harry Nicholls, chief executive of Astoo Science Park in Birmingham.

And even the Americans have been reassessing their attitudes to academically-based businesses. "Venture capitalists have backed a massive amount of high-tech start-ups over the past 10 years," says Steven Burrill, head of the high-tech group at accountants Arthur Young in the US.

"But over the past 18 months they have realised that they must marry the scientists with business or marketing-oriented people at a much earlier stage."

The main problem facing academics in Europe is their lack of previous experieoce of the disciplines of the market place. They may have managed departmental research budgets and handled contract research for outside organisations but they still lack specific business skills.

Bill Bolton, director of the St John's Innovation Centre, a newly-established science park in Cambridge, believes academics can succeed in business if they are given the right support. "Disasters happen while they are going up the learning curve," he says.

Unfortunately, science parks, which should be helping the companies in their charge, are not doing enough. A study* published last week urged universities to be more entrepreneurial and to involve themselves more fully in the parks they have set up.

Much of the debate about the transfer of technology out of academic institutions into the commercial world has missed the point, according to men like Jeffers.

"The decline in UK technology is nothing to do with a failure of technology, it is a failure of management," he claims. "Yet we concentrate on the technology which we are good at anyway."

But before an academic even considers stepping out into the commercial world he must have the encouragement of his university. Uotil recently many have been reluctant to let their staffs develop any commercial

But the reasons academics set up in business vary. Common complaints are a lack of facilities in universities, low salaries and poor career prospects.

Despite these drawbacks an important advantage of the academic life is the range of options it offers the would-be entrepreneur. He can dip his toe in the water with vacation research work, expand into more time-consuming consultancy or establish a company on a full-time or part-time basis.

Harooo Ahmed, reader in micro-electronics at the Cavendish Laboratory in Cambridge, is a joint-founder of Qudos, a software company.

Ahmed and his two co-founders are all non-executive directors of the company, which is run on a daily basis by its managing director Peter O'Keeffe, formerly with Acorn Computers.

"I feel strongly that if academics try to get into the business world they should get someone in who knows that world," he says.

This academic flexibility means a business can be built up gradually and failure need not be dramatic. An academic can "subside" back into his teaching and research work if the commercial world proves hostile, says Barclays' Bullock.

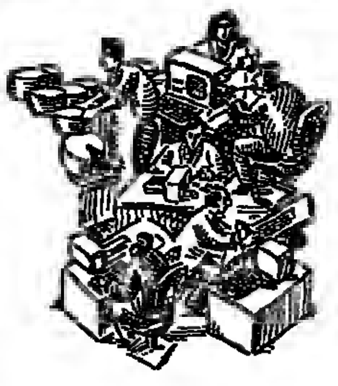
He distinguishes between "soft companies", such as Hi-Tec Metals, which provide contract research and consultancy to order, and "hard companies" which actually make a product for a speculative market.

"The hard company is more exciting and you will get rich more quickly," says Bullock. But it is more vulnerable, he adds.

The lower risk which attaches to these soft companies means their failure rate is very low. Bullock estimates a failure rate of just 5 per cent over a three to five year period for the high-tech companies backed by Barclays.

But it does go hand-in-hand with a slow rate of growth. The fastest growing companies on the Astoo Science Park have not been set up by academics but by people with commercial experience, says Harry Nicholls. But, he adds, science parks should take a 15 to 20 year view of their companies and the academic businesses may catch up in the long term.

Science Parks and the Growth of High Technology Firms. C.S.P. Monck and others. Croom Helm/Peat Marwick MaLintock.



French red tape still 'excessive'

BY CHARLES BATCHELOR

ANY ENTREPRENEUR who feels that red tape is strangling his growing business might get e feeling of grim satisfaction from the plight of those lo France. Despite attempts by the French government to cut bureaucracy, establishing a new business can still take months rather than weeks.

"The Government can say what it likes, the formalities you have to go through are still excessive," says Gregoire Sentilhes, founder of Si, a small company providing a sporting and horoscope service on the "minitel" network, the French equivalent of Britain's Prestel service.

In Sentilhes' case the normally lengthy procedures of the tax authorities and the commercial regiatry were complicated when his company was issued with two registration numbers in error.

"It took us six months from the day we first applied," herecalls. "It took up a lot of the time we could have been spending on the business."

Confirmation of the problems a small business can face comes from an unlikely source. Armand Lepas, director of general economic division of the Patronat, a body more usually thought of as the defender of big business, has a vivid memory of the experiences of a friend he helped to set up a business.

"We kept a close eye on the files but there were occasions when we couldn't do A without B or B without C," he says. "We dream of copying the American aystem of creating a company within 48 hours or three days."

The government has been attempting to bring that dream closer to reality with a series of measures aimed at streamlining bureaucracy.

A commission has been set up to simplify the formalities of setting up in business. In the past the would-be businessman had to fill in a form containing nearly 100 questions about himself and his plans. The oumber of questions and the size of the form has now been halved, says Jacques Andre Prevost, a senior official at the Industry Ministry.

The labour laws have also been relaxed to make it easier for small companies to make people redundant. Decisions to fire fewer than 10 people now no longer require the epproval of the labour office.

Government efforts to make life easier for the smaller company have resulted from studies which show that, relatively speaking, the burden of bureaucracy on them is five times as costly in time and money as it is on larger companies.

But, paradoxically, attempts to help small firms can end by creating more confusion and red tape.

"On paper there is a lot of help available to help the new business," says Mirwan Kahil, founder of a small catering company, Gourmets sans Frontieres. "But if you wait until it arrives you will be bankrupt. You can waste a lot of time going to the labour office, the chamber of commerce and so on. I didn't pursue it in the end."

This article concludes this series. Previous articles appeared on December 8, 15 and 29 and January 12 and 26.

On line to the experts

IT IS JUST 8am bnt already the first of the questions on the likely outcome of the day's race meetings are starting to arrive at the offices of Si.

Si is one of a raft of small companies set np to exploit the markets provided by "minitel", the French telecoms service which links individoals and bnsinesaes throughont the country through free home video terminals linked to the telephone network.

Gregoire Sentilhes (above), aged 27 and formerly general manager of two daily newspapers in Lyons, set np Si in December 1986 to operate TV24, an information aervice covering the fielda of sport, astrology, entertainment and health.

"What was unique about our service was providing information and letting people pnt direct qnestions to onr experts," he adds.

When the session on racing advice finishes at 11 am an astrologiat takes over. At 8pm TV24 gives entertainment tips for the evening while at 10pm, if yonr date has failed to turn np, it switches to advice for the broken-hearted.

Sentilhes has a staff of five providing the TV24 service and another four providing an information service for viewers of Channel 5, France's first private television channel. Turnover reached FFr3m (£300,000) in Si's first year and is projected to rise to FFr8m in 1988.

The Channel 5 service is already hreaking even but TV24 is not expected to move out of the red until April. The pain of absorbing these start-np losses has been eased by the injection of FFr2.4m of venture capital by Alan Patricof Asaociés, the French arm of the internationalventure partnership, and three other backers.

If Sentilhes can succeed in France, he saya, he hopes to export the idea to Britain and the US.

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Please call Williams Castoro, William Davis or Joseph Wheeler at the Royal Gardens Hotel at (01) 937-8000 to meet with them and discuss mutual beneficial international trade opportunities.

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Attention: Jim Goncerall
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Attention of: C Y Johnson

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A publicly quoted Computer Software House wishes to develop a Management Consultancy Division by acquiring a controlling or partial interest in an existing Management Consultancy.
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- Turnover for 1986/87 in excess of £6m
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A brochure detailing the activities of the Company can be obtained from:-

Nigel Harford
The Aviation Partnership
3 Berkeley Square, London W1X 5HG.
Telephone: 01-491 3611.

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Corporate Finance Department, Hill House, 1 Little New Street, London EC4A 3TR.

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Business for sale as going concern.
A quality ladies underwear manufacturer operating from leasehold premises in Cumbernauld, near Glasgow, is offered for sale by it's Receivers.

Principal features:-
* Brand name licenced products.
* Turnover approximately £4 million.
* Established customer base.
* Current operating capacity of 3,000 doz garments p.w.
* Raw material, work in progress and finished good stocks.

Interested parties should contact the Joint Receivers for further information:-

Cork Gully
Robert J.T. Glen & Frank Blin, Cork Gully, Kintyre House, 209 West George Street, Glasgow, G2 2LW.
Telephone 041 226 4894
Telex 779396
Fax 041 221 8256

* LIGHT ENGINEERING CO. S. COUNTIES. T/o £180,000 +. Net assets £46,000. Price for Shares £60,000.

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Well-established worldwide trade marks held by wholly owned Swiss subsidiary, with 1988 licence income expected to exceed £1¼ million.
UK rights to the "Gridiron" trade mark.
Substantial UK turnover.
For information write to:
R.J. Elwell, Ernst & Whinney, Provincial House, 37 New Walk, Leicester LE1 6TU.

Ernst & Whinney
Accountants, Advisers, Consultants

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The assets and trade of Catalac Catamarans Limited are offered for sale as a going concern.
The Company specialises in the manufacture of well-respected, high quality, handcrafted catamarans in 8, 9, 10 and 12 metre versions. It operates from leasehold premises in Christchurch, Dorset.

- Specialist workforce of 40
- Leasehold premises of 50,000 square feet
- Strong existing enquiry list

Interested parties should contact the joint administrative receivers:
Barrie C. Pike
Peat Marwick McLintock, Dukes Keep, Marsh Lane, Southampton SO1 1EX.
Telephone: (0703) 631465. Fax: (0703) 223547.
Barry G. Mitchell
Peat Marwick McLintock, Marlborough House, Fitzalan Court, Fitzalan Road, Cardiff CF2 1TE.
Telephone: (0222) 462463. Fax: (0222) 481605.

KPMG Peat Marwick McLintock

BLANTYRE PRINTING AND BINDING COMPANY LIMITED
(In Receivership)

The Receiver has for sale as a going concern the business and assets of Blantyre Printing and Binding Company Limited, a highly respected company involved in the production of all types of educational and children's publications.

Assets for Sale include:
★ Plant and machinery comprising four and five colour sheat fed printing presses and all other printing and binding equipment for the production of hardback and paperback publications.
★ Fixtures and fittings.
★ Stock and work-in-progress including a substantial customer order book.
★ Goodwill including a large customer base comprising many prestigious customers.
★ Leasehold interest (subject to approval of Landlord) in factory premises at Blantyre Industrial Estate, Blantyre, near Glasgow – 60,000 sq feet, single storey, specially adapted, front situated unit with good transport links.

For further information please contact:
Murdoch L McKillop or David Davidson
Arthur Andersen & Co.
199 St Vincent Street, Glasgow G2 5QD
Tel: 041-248 7941.

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Sports and Leisure Retailer
Business for Sale

Four prime site leasehold shops situated in Manchester, Birmingham, Nottingham and Liverpool.
Leasehold warehouse and mail order business in Leicester.

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For further details contact: Joint administrators L K Denney/J Wilson or A C White, Spicer & Oppenheim & Partners, Clumber Avenue, Sherwood Rise, Nottingham NG5 1AH. Telephone: 0602 607131.

SPICER & OPPENHEIM & PARTNERS
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Cambrian Board Mills Limited
(In Receivership)

The business and assets of this established manufacturer of corrugated fibre board based in Merthyr Tydfil, South Wales, is offered for sale as a going concern.

- Turnover approximately £2.5m per annum.
- Specialised plant and machinery.
- Skilled workforce available.
- Situated in grant development area.

For further information contact urgently:
Jack Lewis, Joint Administrative Receiver,
Arthur Young,
Southgate House, Wood Street, Cardiff CF1 1EW.
Telephone: (0222) 390151; Business: (0685) 73625

Arthur Young
A MEMBER OF ARTHUR YOUNG INTERNATIONAL

Southbourne Sheet Metal Co Limited

The Joint Receivers and Managers of Southbourne Sheet Metal Co Limited offer the businesses and assets of the company for sale. The major features are:

- High quality engineering and design capacity to Def Stan 05-21.
- 23,000 square feet of freehold factory and office space in Southbourne, Hants.
- Contracts with substantial employers in the defence aerospace and nuclear industry sectors.
- A significant investment in machine tools.
- Unaudited turnover of £3.8 million in year ended 31 December 1987.

All enquiries to the Joint Receivers and Managers: P S Padmore FCA and C G Bird FCA, Price Waterhouse, 1 London Bridge, London SE1 9QL.
Telephone: 01-407 8989. Telex: 931709 and 934716.
Fax: 01-403 5265.

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★ Ministry of Defence approved contractor
★ Skilled workforce
★ Freehold site with development potential

For further details please contact: R. J. Gibbs, A.C.A. or B. P. Knights, Spicer & Oppenheim & Partners, Carlton House, Carlton Place, Southampton SO1 2DZ. Telephone: (0703) 334124.

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(In Receivership)

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* a substantial leasehold site containing purpose built offices and manufacturing facilities.

The business and assets offered for sale include stocks, goodwill and order book.
Sales particulars are available upon request to the Joint Administrative Receivers.

Cork Gully
M.A. Jordan and R.M. Addy
Cork Gully
Shelley House
3 Noble Street
London EC2V 7DQ
Tel: 01-606 7700
Telex 884730 Corkgy G
Fax groups II/III 01-606 9887

FOR SALE

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Please reply to Robert Yorke, Yorke Business Development Consultants, Silver Birches, Bashurst Hill, Itchingfield, Horsham, W. Sussex RH13 7NY
Tel 0403-790500

Businesses For Sale

By Order of The Administrative Receiver R. Robinson FCA FIPA re: SPRAY ENGINEERING (STAINLESS) PLC

PIPE FITTINGS AND SPRAY NOZZLE MANUFACTURER

Own range of high pressure steel and nickel alloy fittings, spray nozzles, emergency safety showers, etc. together with range of factored products. Supplying petrochemical, water and allied industries. Modern fully equipped freehold works. Good order book. Sales £1.5m. p.a.

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For further details contact:

Joselyne & Co
Silk House, Park Green
Macclesfield
Cheshire SK11 7QW

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46 Mutley Plain, Plymouth Devon PL4 6LE

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North London

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- Customer list includes blue chip multi-site restaurant owners

Principals only
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Financial Times, 10 Cannon Street, London EC4P 4BY

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Operated in conjunction profitability £200,000. With considerable scope for expansion. Would consider selling separately. Principals only to contact J.W.D. Montagu at Petteridge Lane, Matfield, Tonbridge, Kent TN12 7LZ or:

TELEX: (UK) 95331
TELEPHONE: (UK) 089272 3222
FAX: 089272 3262

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£300,000 plus stocks.

Modern Offices/Warehouse premises-fully computerised - purchasing contracts, and a wholesale/retail turnover approaching £1 million with excellent gross margins.

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Contact Mr Andrew Chapple
ACA Collins Chapple & Co,
Cornwall Buildings,
45 Newhall Street,
Birmingham B3 3QR
Tel. 021 233 3830

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with prime wet fish retail shop (accommodation over) in picturesque South Devon Coastal town, in process of expansion.

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ARTS

Hayward Gallery/William Packer

Frailties of the flesh exposed

The Lucian Freud retrospective exhibition, which comprehends a career extending over nearly 40 years, comes to the Hayward Gallery (until April 17) en route to its final showing in Berlin, having already enjoyed marked critical success in Washington and Paris. The exhibition is the work of the Fine Art Department of the British Council, which seldom has the chance to show its often magnificent exhibitions at home. This particular success is all the more gratifying in light of the difficulties overcome in generating enough critical interest in Freud abroad to justify this major tour.

But distinguished as he most certainly is, Freud remains for many people a difficult painter to appreciate. His work is quite literally strong meat, too strong indeed for many palates. The difficulty he presents may be more imagined than real, but it is understandable because the shocking visual power of one particular body of work within his total oeuvre overshadows so many other qualities.

He has painted the nude throughout his career, always with an unblinking objectivity. But as he has grown older, it is as though the more naturally celebratory scrutiny of the figure by the younger painter, producing images that for all their apparent severity were still tender and fraught with erotic intimation, has changed into something more misanthropic, if not actually hateful. Now it seems the human figure, and humanity with it, is stripped bare of all pretension and laid out on the artist's slab in all its unprepossessing, disquieting, mortal physicality for all the world to see. It is uncomfortably real, too real perhaps – or is it?

A number of points must be borne in mind. Though convenient and critically stimulating, a large exhibition of any artist's work is essentially artificial, and possibly misleading. A painting may take days, weeks or months to carry through, and any group of related works take up an entire career. And in between there are other works to accomplish, as interests shift and practice alters.

As for any misanthropy or its opposite, is always dangerous to impute general motives to any artist, since he always has to address himself to the work of the moment on its own terms. Whatever the nature of his involvement with the model, it is a commonplace to any artist that long hours of objective concentration upon what is seen tend to suppress, or at least put off until the session has ended, any thoughts of its consummation.

Freud seems to me to be no different in this respect. Just as one may surfeit of too much Rubens in the flesh, en masse, or find too many Baroque martyrdoms at once too much to take, so with Freud it may be merely a misjudgement in presentation that seems to fill the Hayward's rooms with nudes alone.

My own experience of these nudes, seen in other circumstances and comparative isolation, is that the bleak honesty of the painter's vision is infinitely more forgiving and benign. His way of working the paint, too, seems less insistent in its tricks and mannerisms, but rich, subtle and appropriate. His concern is with the particular presence before him, as it is, and upon which he confers admittedly an often disturbingly personal identity. The veins show blue beneath the pale skin, the frame twists and protrudes just so, the breasts sag heavily under their own weight. Flesh is flesh, and if we may not always care to confront its frailties and mortality, any revulsion from it is not Freud's but ours alone.

The point is that Freud is not exclusively, nor even principally a painter of the nude, but of the human figure as it presents itself to him, individual by individual, whether it is the head he studies, or the clothed figure or the nude. It is in this sense that he is, at heart, a portrait painter, not in any trivial social way but in the great realist tradition of northern expressionism rooted in the Flemish, Dutch and German schools of the renaissance.

He was, however, not always so orthodox, but came to that position only as he matured as an artist in the six or seven years after the war. The early rooms of the exhibition, which is loosely chronological in arrangement, are therefore of especial interest, for there we confront immediately the marked precocity that established his early reputation, but with work that is essentially more linear and graphic than painterly and clearly neo-romantic in its contemporary sympathies.

This is no rebuke, for the British art of the 1940s and 1950s that we now characterise as neo-romantic touched many of the major artists of the time. By the premature death of John Minton, it lost one of its seminal figures, and Freud's portrait of him, painted in 1952, stands both as implicit recognition of the personal debt and also as a kind of declaration of independence from it. A series of small, even tiny heads of the men and women of his immediate circle in those years, beginning around 1947 and culminating with the Minton, the Tate's Francis Bacon, and the several images of Caroline Blackwood, marks the transition from promise to achievement, from talented idiosyncrasy to something infinitely more ambitious, truly personal and profound.

And indeed the studies of the head throughout Freud's oeuvre are the works above all others that both chart his development as a painter, and remain the most moving as particular images. In them we can see all the technical command, all the delight taken in the working of paint for its own sake, the old magic of art that celebrates a stroke of paint as itself, and yet as something other, and so much more than itself. The nudes will remain the more obviously shocking, self-declamatory and problematical; the clothed figures, alone or in groups, may seem the more ambitious, by virtue of scale and complexity; yet it is in the heads that we see all Freud's great qualities as an artist come together, transcending all technique: his study of the human head encompasses his every ambition as a painter and celebrates a vision as profound and humane as any.

Lucian Freud's "Large Interior, W11 (after Watteau)," 1981-83.

"Girl in a Dark Jacket," 1947

Lulu/Brussels

Andrew Clark

In an opera in which the chief character is often seen as nothing but a reproduction of male fantasies, it is refreshing for once to have a female stage director in control. Such was Ruth Berghaus' identification with her own production of *Lulu* at the Théâtre Royal de la Monnaie in Brussels, that she actually played out the title role on stage for the first night audience – apparently to great acclaim – with Celina Lindsley *singing in the pit*, after Teresa Stratas called off sick. It is something few of her colleagues would venture or get away with in any opera. Miss Berghaus has always given a strongly independent identity to female roles in her productions, and judging by the second performance with Miss Stratas back in fine form on Tuesday night, *Lulu* is no exception.

Berghaus opts for a fully-fledged abstract production, which through its stylised, unnaturalistic forms of behaviour, closely matches Berg's stylised music and dialogue. The distancing effect is near-total. Hans-Dieter Schaal's single silver-white set of upset rectangular walls and floors provides a powerful sense of dislocation and multiple meaning, and by its very simplicity, encourages absolute concentration on the characters. Extras such as an escalator in the Paris scene, and a TV and Hoover for Alwa and Schigolch in the London attic, add to the façade of sophistication and absurd banality. Given the nightmare context of the opera, it is a medium in which the characters are absolutely at home.

Not content with the film sequence which Berg calls for in Act Two, Berghaus daubs the whole performance with surrealist projections, ranging from a grotesque moving eye and dancing puppet limbs, to the interchanging faces of Lulu and Geschwitz. The final sequence is of breaking waves and leaping flames – a surrealist *Götterdämmerung*. All this is, to a degree, faithful to the spirit of Berg, but it is a complete denial of the letter of his instructions.

Overall the approach works in the first act and redeems the *Parisien* sequence in Act Three, which in other hands has often seemed to require tightening or editing, and gave an excuse to directors to trot out the standard German version of decadence. But it does not help the hide-and-seek antics of Act Two. By its very intensity and concentration on quality of movement, the production lost its way in several places. In most respects, it is a typical Berghaus staging – uneven, didactic, bursting with insights which have to be clutched amid the large tracts of neo-Brechtian gobbledegook so beloved of Berghaus groupies.

But what of Lulu herself? The real strength of the Berghaus approach is that it packs so many of the central characters' elusive facets into a coherent and fascinating whole. It is not a matter of having to choose between predator and victim – the character is much bigger than that. We see her as street poster and clockwork model, pierrot and playful seductress, as child playing hopscotch, teenage bride, puppet, possession and projection of selfish male fantasy – a woman who manipulates as much as she is manipulated, because it is the language of survival she instinctively learned from her youth. No wonder the Berg-figure Alwa sings of how interesting an operatic subject she would make.

The role needs, but rarely receives, the kind of inner vitality which Miss Stratas brought to her performance. Nine years after her pioneering three act *Lulu* in Paris, her petite frame gives meaning more than ever to the *süsse Unschuld* promised in the prologue. Returning from a long absence from the opera stage, the voice is in remarkably good shape, still raw at the top, but otherwise sweet and expressive. Apart from Ronald Hamilton's hopelessly pitched Alwa and Lani Poulson's characterless Geschwitz, the cast was very good, particularly Guenter Missenhardt's Schigolch, a magnificent vocal characterisation; Guy de Mey's exquisitely lyrically Painter; Riccardo Cassinelli's sharply etched tenor cameos; Alexander Malta's vigorous Athlete and Franz-Ferdinand Nentwig's powerful but impersonal Dr Schoen.

Everything on stage was very audible – almost too audible. It would have been good to hear more orchestral detail, to have been more aware of the orchestra's presence. Perhaps it was the dominating influence of this stage picture, perhaps it was an acoustical problem in the renovated Monnaie – or perhaps it was Sylvain Cambreling's over-discreet conducting, which treated the score with ballistic rhythm and lightness but never really allowed the orchestra its head. *Lulu* is not *Pelléas*. Only in the last act did a sense of dynamism and symphonic weight emerge from the pit, allowing every strand of the musical argument to fall into place like a slow, unstoppable Sibelian finale.

Bingham Quartet/Purcell Room

Richard Fairman

Four contrasting voices were brought together in Sunday's recital presented by the Park Lane Group. Three of them belonged to 20th century British composers of different generations, the fourth was American: Odaline de la Martinez *recalls that she came to Europe* "in search of the avant garde," but the roots of her music have defiantly stayed behind in the Americas.

The rhythms and Latin warmth of Cuba, where she was born, lie below the surface of her String Quartet. This piece is in four, characteristically pithy movements. None works with much more than a single basic idea and so the expositions are terse, though the languorous mood of the last, – a lazy spiritual sung in the heat of the afternoon sun – tempts the composer into a more relaxed, sentimental vein à la Montsalvatge.

Not much of the avant garde there, certainly; but the other movements share a more aggressive personality and the third, to be played "almost wildly," brings its Latin syncopations forcefully to the boil. To that end it seemed a shame that the Bingham String Quartet took the qualification "almost" so obediently to heart. The firm control they exercise over their music-making really asked to be relaxed at this point.

Perhaps their minds were still on the programme's other first London performance – Philip Cashian's *Moon of the Dawn*. In this the quartet had to provide the withdrawn and atmospheric accompaniment to a setting of 12th century Japanese poems: a short, but static song-cycle, which has a well-realised general sound picture, but too little personality in the vocal part for the soprano Helen Miles to make much of it.

In more conventional repertoire the quartet's assured technique and musicality were never in doubt. They gave a cogent performance of Tippett's early First String Quartet; and there was much to admire in the Piano Quintet by Frank Bridge (with Raphael Terroni as pianist), though here too they could have allowed more passion to surface. That long cello solo in the slow movement has a lot more juice to be squeezed out of it.

Hamlet/Everyman, Liverpool

B.A. Young

The permanent set consists of two ranges of rocks surrounding an acting area that may contain what it likes. When the lights go up (and they go up with exciting unconventionality, many of them shining through holes in the stage), there is a sound of revelry offstage. The revellers come and revel in front of us for a moment, before Horatio and the sentries begin their conventional talk about the Ghost. This is an indication of Glen Walford's directorial method. Nothing need be assumed if it may be seen, hsard or suggested.

This is wise, for ouly nine players are employed in the *production*, and although Claire Lyth, the designer, has shown much imagination, it is uot always easy to tell at once who is playing wnat. Horatio (Michael Starke), with a little grey fringe over his forehead, has become the First Gravedigger. When the moment comes, he tears the fringe off and reverts to Horatio. Even more effective is the exchange in the play scene. The murderer comes on wearing a threatening mask; he slips this off and puts it on the King, who is thus acting his real crime when he poisons Gonzago.

Hamlet is given an outstanding performance by a young actor new to me, Martin McKellan. Only once is he given one of the hyper-emotional sounds that most of the company use to indicate strong feelings, when he says, "O-o-o, that this too too solid flesh," with a little aong on the *O*. Mostly, eveu when his emotions boil over to the extent that this production requires, he is dignified and every bit as royal as Fortinbras believes, a true heir to the Danish throne

His Ophelia is black Cathy Tyson, and because she is black we sensibly have a black Laertes (Stephen Persaud) and a black Polonius, Tommy Eytle – a very good Polonius whose jokes made the audience laugh. (None of Hamlet's jokes are used.) Miss Tyson made less of her madness than I expected, for she had her emotions very near the surface in ths earlier scenes. Mad, she preferred to speak her verses, singing only a few lines, and she had no property herbs to distribute to the company, only make-believe.

Claudius (David Hobbs) is, as Claudius always is, too handsome to fit Hamlet's disparagement. He is given some curious comedy here and there, notably where he asks Hamlet about the fate of Polonius. This is part of the Glen Walford scheme, for it is acceptable that Claudius is taklug a light-hearted approach, in the hope of catching Hamlet off his guard. Mr Hobbs is the Ghost as well; he tells his tale to Hamlet from an isolated positiou high above him. Gillian Cally plays Gertrude; she *almost* made me weep with the simple line where she attributes her son's madness to "no other but the main," and she did "There is a willow" beautifully, though she had to compete with a mistaken saxophone accompaniment.

There is a lot of music in the old melodramatic use, sometimes effective, sometimes not. The two Second Gravediggers underline the First Gravedigger's comedy with oompahs, one on the bass tuba, one on two saxophones at once. There is a crescendo of martial music to illustrate the arrival of Fortinbras; it rather drowned the great final lines of Hamlet and Horatio. The composer is Paddy Cunneen, also seen as Marcellus.

Many of the smaller characters are not seen. *Rosencrantz* and Guildenstern leap on with a joyful shout, but at once turn into Players. Many of the lines are not heard, either; the performance lasts about two-and-a-half hours, which means a good deal of text is missing. Yet some of the loss is made up by Gleu Walford's imaginative direction. If I heard only 60 per cent of the lines, I felt I had heard 90 per cent of ths play, and very exciting it was.

Children of the Dust/Soho Poly

Martin Hoyle

The third consecutivs American play to open on the fringe last week was also the best. All three were surprisingly conventional, not one straying too far from a concept of the well-made drama familiar in ths West End. Anne Aylor's *Children of the Dust* belongs to the tradition of the naturalistic play of family crisis. *All My Sons* is the most fraught example, *A Lie of the Mind* ths most fantasticated, *The Wooden Dish* the most compact; and it is this exampls, eschewing the melodrama inherent in the wilder moments, that Terry Johnson's production in the low-roofed claustrophobia of Riding House Street's irrepressible fringe showcase calls to mind.

Thsre are signs that Ms Aylor wavered during the writing of the play. Soured Jobeth, 31 and never left home, is a much less pleasant character at first acquaintance than shs is by curtain-fall. Of her Vietnam veteran brother's Amerasian bastard ("child of ths dust? – more like GI bastard . . . We could havs had a new car for that money") freshly arrived in America, she observes bitterly, "With another mouth to feed I'll never get outa here." Ths brother is Webb, wheelchair-bound, embittered by the world's ingratitude towards the maimed war vets. The final changs from pill-hogging, hooch-swigging psychopath to trainss book-kseper about to take the first giant strids back into the normal world is a trifle perfunctory. But ths fault illustrates the strength of the writing; ths characters are confused and angry, uncertain where to direct their rancour, each a convincing, contradictory mixture.

None more so than Wanda, Webb's ex-fiancée, who abandoned him, pawning her ring at ths Happy Hocker, and who returns to the ramshackle cabin on an Indian reservation where ths cripple has holed up, a spoilt, unhappy divorcee, lush in mink. Anna Lindup's blend of concsrn, regrst, distasts, jsalousy and officiousness is very finsly charted; sbe and Leonard Grendel's Webb play down the sudden plunge into high dramatics whsn hs draws his gun on her; an example of the strong and intelligent acting of a uniformly powerful cast.

Michael Taylor's design for the L-shaped acting space brings poor white squalor uncomfortably closs to the audience. There is a leavening of humour throughout the play: in Webb's *home-made alphabet* for his half-caste child ("A is for aircraft carrisr, B is for bomb") and in the throwaway wit of his sister's deadpan asides – handled beautifully by Nicola Redmond, a tall, broad-faced redhead, a long-shot stand-in for ths Duchess of York with a potentially fascinating stage presence. This tragedy of the disinherited – the cripplsd warrior, doubly disabled by his country's contempt, and Leonard Maguire's old Red Indian, a somewhat stagey specimen of folk-wisdom – is warmsd by Marjorie Yates's mothsr. Ths writing is full of promise, ths play wsll worth seeiug. At the Soho Poly this month, it moves in March to ths Croydon Warehouse.

Peter Sproule and Belinda Davison in Zola's "Nana," *which has transferred to the Mermaid after a successful run at the Almeida Theatre.* Claire Armitstead's review will be in tomorrow's paper

Arts Guide

February 5-11

Opera and Ballet

LONDON

Royal Opera (Covent Garden). Janacek's Jenufa returns to the house in the production by Yuri Lyubimov that was new and widely admired *last* season. Ashley Putnam, in the title role, and Eva Randova return to the production; Jan Blinkhof and Arthur Davies are new to it, as is the conductor Christian Thielemann in his British debut. Bernard Haitink's first Wagner venture since taking on the Royal Opera musical directorship is a new Parsifal, produced by Bill Bryden. The cast includes Peter Seiffert in the title role, Robert Lloyd, Waltraud Meier, Simon Estes and Willard White. (240 1066).

English National Opera (Coliseum). The triumphant new production by David Pountney of Hansel and Gretel is a magical combination of operatic re-thinking and real theatrical fantasy. Peter Robinson takes over as conductor, Cathryn Pope and Ethna Robinson take the title roles, and Pauline Tinsley, far too long absent from London opera, returns to the ENO in the double assignment of Mother and Witch. Also in repertory: Graham Vick's deeply unsatisfactory Madam Butterfly production, with Janice Cairns and Edmund Barham as Cio-Cio-San and Pinkerton; and the latest revival of David Pountney's fun but not-very-Offenbachian Orpheus in the Underworld, in the celebrated sets of Gerald Scarfe.

PARIS

Paris Opéra. Orphée aux Enfers is conducted by Lothar Zagrosek with Michel Senechal, tenor, dominating Jean-Louis Martinoty's production of Offenbach's joyous parody of Gluck. Alternates with Homage to Serge Lifar by the stars and pupils of the Paris Opéra Ballet with Icare danced in Picasso's decor and costumes(47425371).

Jean-Claude Gallotta (Théâtre de la Ville) with the groop Emile Dubois Dance Cocteur Lmabus with Mexican undertones. (42742277).

La Fille du Regiment, conducted by John Burdekin at the Opéra Comique (47425371). Théâtre de la Bastille presents Mindanoo Mistiru danced by La Compagnie 18 to Ethiopian music. 76 Rue de la Roquette (42744422).

NEW YORK

Metropolitan Opera (Opera House). Nello Santi conducts Turandot in Franco Zeffirelli's production with Ghena Dimitrova, Leona Mitchell, Nicola Martinucci and Franco De Grandis. Nello Santi conducts Luisa Miller in Nathaniel Merrill's production, with Silvia Mosca, Wolfgang Brendel and Paul Plishka. Sir Peter Hall's production of Macbeth is conducted by Giuseppe Sinopoli features Eva Marton, Renato Brusson and Samuel Ramey. Lincoln Center. (362 6000).

WEST GERMANY

Berlin, Deutsche Oper. La Gioconda has fine interpretations by Maria Slatinaru, Kaja Borris and Franco Bonisolli. Also in the repertory: Die Lustigen Weiber von Windsor and Orpheus In Der Unterwslt. (34381).

Hamburg, Staatsoper. Cav and Pag stars Julia Varady, Giorgio Lamberti, Natalia Troitskaya, Piero Cappuccilli, Wladimir Atlantow and Louis Quilico. Der Rosenkavalier has Judith Beckmann, Brigitte Fassbaender, Hellen Kwon and Franz Grundheber. Dis Entfuhrung Aus Dem Serail has Inga Nielsen, Lillian Watson and Kurt Moll. La Bohème round off the week. (35 11 51).

Frankfurt, Opera. Der Zigeunerbaron features Elsie Maurer, William Workman and Bodo Schwanbeck. (25621).

Stuttgart, Württembergisches Staatstheater. Otello stars Gabriele Benackova Cap, Anthony Raffell and Roland Bracht. Die Frau Ohne Schatten, in Gotz Friedrich's production, as a strong cast with Nancy Johnson, Reinhild Runkel, Karan Armstrong, Tony Kramer and Roland Bracht. Die Entfuhrung Aus Dem Serail has Gunter von Kannen outstanding in the title role. Further offered this week Der Widerspenstigen Zahmung, choreographed by the late John Cranko, danced to music by Domenico Scarlatti. (20321).

München, Bayerische Staatsoper. *Don Giovanni will be conducted* by Wolfgang Sawallisch and features Elisabeth Connell, Trudeliese Schmidt, Angela-Maria Blasi and Peter Schreier. Faust, sung in French, has Carol Vaness, Francisco Araiza aod Ruggsro Raimondi, brilliant leads. Tannhäuser is an event of more than passing interest with Elisabeth Connell, *Matti Salminen, Spas Wenkoff and* Wolfgang Brendel. Madame Butterfly complete the programme. (21851).

ITALY

Milan, Teatro Alla Scala. First performance in italy of Nicolo Jommelli's Fetonis, conducted by Hans Vonk, with Luciana d'Intino (alternating with Gloria Banditelli), Mariana Nicolesco (alternatiog with Fiorella Pediconi), Luciana Serra (Sumi Jo) and Curtis Rayam. Production by Luca Ronconi, with ssts by Mauro Pagano and costumes by Vera Marzot.

Turin, Teatro Regio. Götterdämmerung in Gianfranco de Bosio's production, with sets by the Hungarian designer, Attila Kovacs. The cast includes Heribert Steinbach (Siegfried), Jeannins Altmsyer (Brunhilde) and Wolfgang Schone (Gunther), conducted by Zoltan Pesko. (Sung in German). (54 80 00).

Trieste, Teatro Comunale. Faust, sung in French, conducted by Spiros Argiris, with Maria Spacagna (Marghsrita), William Powers (Msphistophsles) and Richard Burke. (63 19 48).

Bologna, Teatro Comunale. La Clemenza di Tito in Pierluigi Pizzi's production conducted by Peter Maag. The cast includes Katia Ricciarelli, Adelioa Scarabelli and Natale de Carolis (52 99 99).

NETHERLANDS

Amsterdam, Muziektheater. Balanchine *programme from the* National Ballet: Bach's Concerto Arocco, Stravinsky's Violin Concerto and Tchaikovsky's Theme and Variations (Tue, Thur). The Netherlands Opera production of Don Giovanni directed by Alfred Kirchnsr. Nikolaus Harnoncourt conducting ths Concertgebouw Orchestra, with Gison Wilson, *continuo*. William Shimell in *the* title role, with Patricia Schuman, Edith Wiens and Hans Peter Blochwitz (Wed). (25 54 55).

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Tuesday February 9 1988

Facing the Palestinians

A SENIOR official in Israel's Defence Ministry was quoted in yesterday's Financial Times as saying that Israel is now witnessing the "beginning of the Palestinians' war of independence."

He was speaking privately, not in his official capacity. Even so, he must be well placed to take the measure of what is going on: better placed, probably, than the Administration in Washington, which has despatched Mr Richard Murphy to the region; than the foreign ministers of the European Community who yesterday conferred with King Hussein of Jordan and wrangled among themselves over the wording of a statement; even, perhaps, than King Hussein himself and the other Arab heads of state whose views Mr Murphy is seeking.

Real issue

Washington has so far been discreet about the precise objective of Mr Murphy's mission, and those who report him as trying "to negotiate an end to the violence in the Israeli-occupied territories" may be oversimplifying. What is true is that, but for the violence, he would hardly have undertaken this mission at this time. So far it has more the look of a holding operation than of a full-blown peace initiative. It does not appear to address the real issue, or even to address itself directly to one of the two key parties to the conflict.

Those two parties are the Israeli people and the Palestinian people. What is going on in the occupied territories is indeed a national uprising. King Hussein did not start it; nor did President Mubarak of Egypt; and there is no reason to think that either of them can stop it, much as they might like to. If Mr Murphy really hopes to negotiate "an end to the violence," it is the Palestinians he should be talking to. But that brings us back to the question on which so many Middle East peace voyages have run aground: who represents the Palestinians?

When that question is put to the inhabitants of the territories it elicits only one answer: the Palestine Liberation Organisation. It is an answer given partly because it is known to be the one Americans and Israelis least wish to hear, partly because it is important in such circumstances to have a single answer on which all Palestinians are seen to agree. But it is given all the same.

In reality the PLO was taken as much by aurprise by the uprising as any of the Arab governments. Its laaders show every sign of being uncomfortably aware that they are not in close touch with the young people who are throwing the atones. To negotiate on their behalf it would need to co-opt, or to mandate, new leaders drawn directly from the territories. But only the PLO, as the symbol of national independence, can give those leaders the legitimacy they would need to negotiate with America and above all with Israel.

Stabilising

Those are the negotiations that need to happen. Everything else, whether international conference or bilateral talks with Egypt and Jordan, can only be the sugar on the pill, or perhaps a stabilising medicine to keep the patient alive until he is ready to swallow the pill.

There may indeed be a need for the latter. Certainly it is desirable to have "an end to violence" while the terms of an Israeli-Palestinian peace are being worked out. But such an interim arrangement will hardly be accepted by the Palestinians if it leaves them at the mercy of the Israeli army and the Israeli settlers. The former would have to be confined to its barracks, and the latter to the land they have already seized, so that the "end to violence" is seen to freeze the status quo rather than to permit a continued process of creeping annexation.

America surely has the power to insist on that and, if it wishes to be taken seriously, should not settle for less.

An open debate on health

AFTER 40 years, a wide ranging review of Britain's National Health Service is both overdue and welcome. The nature of the scrutiny set up by Mrs Thatcher, however, leaves much to be desired. The Government was justified in ruling out another Royal Commission report: this would have been slow, costly and inconclusive. The problem is that it has leant too far in the opposite direction. As things stand, the future of the NHS is being debated in secret by a small, unnamed group of aides and officials. Health care is too important an issue to be treated in this fashion.

Review group

In spite of prodding from Mr Neil Kinnock, the Labour leader, Mrs Thatcher has yet to reveal the composition of her review group, its precise terms of reference, the criteria by which it will judge the NHS, or the date by which it is expected to report. All these are matters of legitimate public interest. The Government has said that it will consider any submissions received carefully, but it should go further than this and actively seek out expert and public opinion. This, after all, is what Mr Norman Fowler did in the run up to 1985 green paper on social security reform.

Ministers may argue that a full parliamentary and public debate can occur after publication of a discussion paper. This would have some force if the Government's majority were less overwhelming, if the proposals were genuinely green, and if the discussion period allowed were generous. None of these conditions seems likely to hold. The Government is under pressure to take action quickly to alleviate the problems of the NHS and the odds are it will try to push through legislation as swiftly as possible. It is all the more important, therefore, that debate is open and informed at this early stage. At present, the real consultation is being undertaken not by the Government, but by the House of Commons Social Services Committee, which is busy taking public evidence.

Terms of reference are particularly important in any review process. The merits of alternatives to the NHS can be assessed only with respect to agreed goals and priorities for national health care. These need to be brought out into the open soon. Since different objectives often conflict, some idea of the weights attached to various goals is needed. If the drive for cost-efficiency clashes with the goal of equality of access to care, which gives way? If managerial objectives threaten clinical freedom, what happens? The review cannot dodge such questions.

Nor can it afford to ignore the fact that health care is a most unusual commodity. People demand good health, but they do not (as a rule) demand health care products as such. They consult physicians who tell them what treatment they require; and typically patient-consumers lack the expert knowledge necessary to query such judgments. The suppliers of health care services (the medical profession) thus in many instances determine what the demand for their output will be; indeed, health economists have coined the term "supplier-induced demand" to account for the way the costs and volume of treatment tend to escalate in the sector.

Elusive

The problems are most acute when health care is provided for profit in the private sector. There is evidence that operations are performed unnecessarily in the US, where private medicine flourishes. Costs are certainly high. Efficiency in medicine is elusive. It cannot be guaranteed by opting for a "free market," even if this were acceptable on social and moral grounds. Mrs Thatcher's review thus needs to look undogmatically at the NHS and not assume that other countries with larger private-health sectors necessarily have fewer problems. Most important, it needs to listen to the widest possible range of outside opinion.

Andrew Gowers examines Ayatollah Khomeini's efforts to shape the future of Iran's Islamic revolution

The vice-regency of the Prophet

"THERE ARE two relatively powerful factions in our country with differences of view on how the country should be run . . . They may, in fact, be regarded as parties without names."

These words were spoken in June 1986 by Hojatoleslam Ali Akbar Hashemi-Rafsanjani, the powerful cleric who is Speaker of the Iranian parliament and, perhaps, the most influential man in Iran after Ayatollah Ruhollah Khomeini. This week, as the country celebrates the ninth anniversary of its Islamic revolution, the underlying differences within the leadership have become more apparent at a time of increasing speculation about the Ayatollah's health.

Controversies have raged in the Iranian leadership over the nature of an Islamic republic ever since the revolution. They have been eclipsed only by the Gulf war, which remains the pre-eminent concern of both Government and public. But in the past few weeks, there has been a perceptible quickening of the debate over strictly internal affairs.

The ostensible issues are practical, ranging from land reform to labour law. But the real arguments, expressed in what often seem arcana theological terms, revolve around such questions as the theory and powers of Islamic government and ultimately about the long-term legitimacy of the Iranian experiment. At the weekend, in what appears to be a definitive effort to resolve the disputes, the Ayatollah ordered the establishment of a special assembly, involving six senior clerics and the seven top figures in the Government. It will decide on legislation on a range of far-reaching issues.

The renewed vigour with which the issues have recently been taken up at Friday prayer meetings and in the media is not surprising, since four-yearly parliamentary elections are due on April 8. With the campaign comes an inevitable intensification of the constant jockeying for power between leading personalities in the country's diffuse legislative system. There have been no political parties since the Islamic Republic Party was abolished last year, but the various "parties without names" can be expected to make every effort to strengthen their positions in coming weeks.

The unspoken question over the debate, which gives it extra urgency, concerns the longevity of Ayatollah Khomeini, the 86-year-old spiritual leader whose charisma and authority shaped the revolution. The Ayatollah, or Imam as he is called in Iran, is widely believed to be in poor health. His followers are beginning to focus obsessively on what happens after his death, both as to the succession and the sort of state he will bequeath. At the moment, the Imam shows little sign of weakening and has been displaying unaccustomed vigour after a period in which he appeared to have withdrawn largely from day-to-day politics.

In December, he wrote a new will, in which he is believed to set out guidelines for the country after his demise. Subsequently he has issued a number of decrees on economic, social and legal issues which appear to be an attempt to give fresh impetus to reforms which have long been stalled by ideological disputes. All this activity has served to create the impression of a man who knows he is not long for this world and wants to make sure that his vision of the Islamic republic outlasts him.

The Ayatollah's departure is almost bound to herald a period of uncertainty. It is principally due to his unifying influence that the revolution has survived against daunting odds, including international hostility, the war with Iraq and deep, often violent dissension at home. And there is no comparable figure to succeed him.

The authority of his position is built into Iran's 1979 constitution through a concept known as the

Iranians are beginning to focus obsessively on what happens after the Ayatollah's death

velayat-e faqih – the vice-regency of the Islamic jurist. This means that the Ayatollah, as leading Islamic jurist, is the qualified representative on earth of the missing Twelfth Imam of the Shi'ite Moslem faith, and hence indirectly of God.

That concept, which Iranian leaders describe as the source of the Islamic republic's political legitimacy, is controversial among senior Iranian clerics but is set to continue after Khomeini's death. The problem is that the man designated as his successor, Ayatollah Hossain-Ali Montazeri, is widely regarded as a figurehead, who will have to allow real power to be divided between figures such as Rashemi-Rafsanjani, Mr Mir Hossain Mousavi, the Prime Minister, and possibly Khomeini's son, Ahmad. It seems a recipe for confusion in a time of mounting difficulties.

In the Gulf war, Iran has been boxed into an awkward corner. After making significant territorial gains in 1986, Tehran is now thought to have little prospect of breaking through Iraq's defensive lines. In addition, the Iranian leadership is contending with a hostile Western military presence in the Gulf, and an international community intent on forcing an end to the war on what Iran sees as politically suicidal terms.

The economy, as senior Iranians admit, is in turmoil. According to Mr Mousavi, 41 per cent of budget expenditure this year ie being devoted to the war effort, and oil revenues are a fraction of what the Shah's Government used to regard as necessary for peacetime development needs 20 years ago. Unemployment and under-employment have climbed sharply and inflationary pressures remain strong. The goal of self-sufficiency, which the Islamic republic has always striven for, as an accompaniment to political indepedence, remains remote.

The economic and social policy deadlock which has gripped the leadership in recent years lies at the heart of the debate about the nature of post-Khomeini Iran. The controversies are complex, but they boil down to a basic disagreement about the role of the state in the economy and in the lives of individuals. They stem from an in-built contradiction between the reformist expectations raised by the revolution and the deep-seated conservatism of some of the senior clerics that participated in it.

Ever since the revolution, the radicals have been pushing for greater etate control over the economy and with it, in theory, the means to fulfil the aspirations of the *mostaz'afin* – the disinherited masses so often referred to in revolutionary rhetoric. Early on, there was wholesale nationalisation of the banking sector and there have been significant moves towarda state control over foreign trade. But, in a number of crucial areas, radical plans have been frustrated by dogged opposition from clerical leaders, who argue that the state has no right under Islamic law to interfere with private sector affairs.

This fundamental split – complicated by the fact that the Koran can be read as containing contradictory advice on economic matters – has become all but institutionalised in the Islamic republic because of the system of checks and balances under which it is governed. On the one hand, there is the executive, containing prominent radicals such as Mr Mousavi, and the Majlis (the legislature) led by Mr Rafsanjani, who on economic matters stands among the reformers. On the other, is the Council of Guardians, which is supposed to vet legislation to see that it accords with Islam. It is here that the conservative clerics have time and again exercised their powers of obstruction, if not veto, over radical measures.

Land reform, a question of immense economic, psychological and religious importance in Iran, is a case in point. Not long after the revolution, there were moves to confiscate large land-holdings and redistribute them among peasants. A radical land reform law was passed, but leading clerics argued strongly that it was unfair to landowners. Khomeini later suspended the parts of the law dealing with private property. Subsequent legislative efforts have been blocked by the Guardians. An attempt to legislate for the complete nationalisation of foreign trade, for example, was also struck down.

It can be argued that many of these issues remainad unresolved because Khomeini did not adopt a clear position. The Ayatollah has rarely used his immense power to decisive effect on economic policy issues, or even displayed much interest in them. This may be changing. The latest spate of decrees from the Ayatollah sides clearly with those who favour economic reform. Last summer ha ruled that profiteers and hoarders could be punished, though such action might be seen by conservatives as unwarranted interference with the rights of the private sector. More recently, he agreed that the Government could withhold utilities or other services from private sector employers who refused to pay a minimum wage or provide eocial security contribntions for their workers.

On January 7 he issued his most far-reaching statement so far on tbe powers of the different branches of government, and ln particular of the *velayat-e faqih*. The Imam stated that the Government potentially enjoys absolute powers which may override other aspects of Islam. "I should state that the Government which is a part of the absolute vice-regency of the Prophet of God...is one of the primary injunctions of Islam and has priority over all other secondary injunctions, even prayers, fasting and *hajj* (pilgrimage)," he wrote. This meant that the Government could, if expedency demanded, demolish a mosque, unilaterally revoke agreements concluded under Islamic law, or forbid people from performing holy duties required of them.

With a few strokes of his pen, the Ayatollah thus appeared to give new strengtb to the reformers. He also delivered a hefty blow to President Seyyed Ali Khamanei. The decree was designed to correct the President's view that the executive functioned "within the limits of Islamic lawe and Islamic principles." Although he was one of the founding fathers of the revolution, the President's political fortunes have recently been on the wane.

The economic radicals have been quick to seize the initiative. "It is an immense injustice to Islam if it cannot demonstrate its power on eesential issues of the state . . . today the views of our leader are our final authority," crowed Mr Rafsanjani, predicting that the Ayatollah's ruling would set a new course for the economy away from capitalism. "The Imam'a message opens the way for tbe Islamic Government to deal with problems and complexities facing world society under any circumstances," added Mr Mousavi.

Indeed, there are signs that the legislative log-jam is being broken. Long-blocked laws are being resubmitted to the Majlis and may be viewed with new flexibility by the Guardians. The new assembly that the Ayatollah has ordered to be set up, directly pitting the Guardians against the reformers, may turn out to be decisive in this respect. More important is the potential long-term effect. By coming out so strongly in favour of decisive, reforming government – in effect, backing one of the parties without names – the Ayatollah may be trying to sketch the outline of a system capable of functioning in his absence. But the real work of extricating Iran from its political, military and economic predicaments will take time, and is probably a job which only the Imam's successors can begin to tackle.

Additional research by Scheherazade Daneshku.

Irish eyes for Stalker

■The Irish are dieplaying a seemingly unquenchable thirst for knowledge of British police affairs and secret service operstions.

The former deputy chief constable of the Greater Manchester police force, John Stalker, autographed his way through 2,000 coples of his new book in Dublin at the weekend and Harrap the publishers will have 20,000 copies in Ireland by the end of the week.

The contrast in demand was provided by a signiog session at W H Smith in Holborn Circus, London, yesterday, when 250 copies were sold and signed within 80 minutes, still a fair rate according to Medwyn Hughes, marketing director of Harrap who said: "One wouldn't normally expect to sell more than 200 copies at a session."

While Spycatcher remains a banned book in Britain the Dublin company Eason and Son, which has the Irish distribution rights, has put out 45,000 copies since it got hold of the book last October.

Many of these, however, have found their way across the Irish Sea. Michael Hoban, director responsible for wholesale books at the company, is rubbing his hands at the public desire for secrete. He said demand for the Stalker book was unusually high. "We are a small country and a best-selling hard back would be hard put to top 13,000 copies," he said.

Stalker is signing copies of his book in W H Smith in Manchester today. If you want to know the way you could always ask a policeman.

Strike deal

■Ford's management and unions managed to agree on at least one thing yesterday as the company's 32,500 manual workers began their strike.

Management at Halewood found it difficult to get into the plant. They suggested that all but two gates should be closed, and the unions should confine their picketing to the remaining gates which would be left open. The arrangement would make life easier for both sides, the management suggested.

But in Ford tradition the men on the picket lines asked: "What's in it for us ?"

The management quickly raised their offer by agreeing to supply the pickets with free firewood. After a brief meeting, the pickets' leaders agreed to recommend the offer, and on a show of hands the deal was struck.

OBSERVER

Getting there

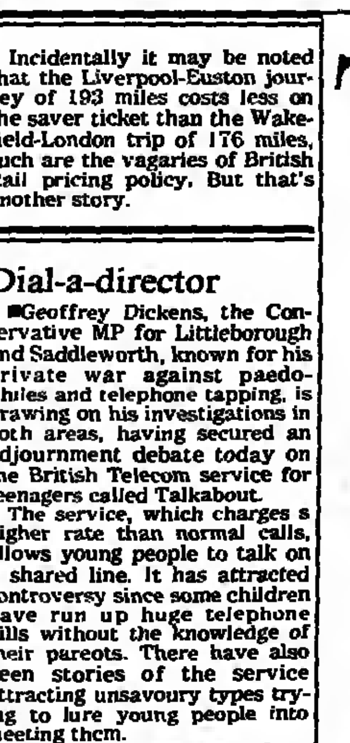
■Not only does it cost more to live in London than in the north, it also costs more to get out if you travel by British Rail on one of its "saver" tickets.

This apparent anomaly was exposed during a friend's weekend visit from Wakefield to London by car. He wanted to return by train and asked whether he should buy a ticket at Wakefield or King's Cross. A standsrd single ticket was £28.50 but for 50p less he could buy a blue saver return ticket valid for one month.

Astonished as he was to find that it cost less to go and come-back than it did to go and stay there, he was even more surprised to be told that if he bought the same saver ticket at King's Cross it would cost £29 – an extra pound.

Calls to ticket offices in the north and south seeking an explanation led to comments such as: "I can't explain" (south) and "I'm stumped if I know" (north).

A British Rail spokesman shed some light when he said it was a "commercial decision" to charge extra for those visiting the north from London. The InterCity business could price them at whatever level it chose beneath the standard fare since the saver tickets, which have restricted travel times outside peak periods, are special offers.



"I suppose she feels that just reading lists of NHS atatistics every week wouldn't make very good television."

The level was fixed at what the market could eupport. In other words British Rsil feels Londoners can afford to pay more.

He also revealed that the policy extended to many other journeys. Travelling to or from Liverpool, for example, the discrepancy is even greater. A blue saver return ticket between Liverpool Lime Street station and Euston costs £19, but £23 if you buy it in London. The standard single rate is £29.50.

This raises the question of how many people, having bought cheaper saver tickets, then find themselves holding an unwanted return portion. Just in case they are thinking of sending them to a friend or relative BR points out that tickets are not legally transferable, but as one BR spokesman added "who's to know". Perhaps they should all meet and form an organisation called the "spare ticket club".

Incidentally it may be noted that the Liverpool-Euston journey of 193 miles costs less on the saver ticket than the Wakefield-London trip of 176 miles, such are the vagaries of British Rail pricing policy. But that's another story.

Dial-a-director

■Geoffrey Dickens, the Conservative MP for Littleborough and Saddleworth, known for his private war against paedophiles and telephone tapping, is drawing on his investigations in both areas, having secured an adjournment debate today on the British Telecom service for teenagers called Talkabout.

The service, which charges s higher rate than normal calls, allows young people to talk on a shared line. It has attracted controversy since some children have run up huge telephone bills without the knowledge of their pareots. There have also been stories of the service attracting unsavoury types trying to lure young people into meeting them.

Dickens's interest stems from a constituent who expected a £34 telephone bill and received a bill for £1,017 instead. "Children are playing truant from school and running up astronomical bills. It's lovely fun until the bill comes in or until some paedophile lures a child to a meeting," he said.

Dickens intends to euggest a novel alternstive use for the service. He said: "I think it could be used to hold quick company board meetings. Look at the time and money it would save if board meetings could be convened over the phone without the need for directors to leave the desk," he said.

He concedes the proposal may prove equally controversial. "I suppose it would hit their expense accounts," he added.

Dial-a-person

■A telephone call the other day elicited the response: "This is a person speaking. Our recording machine is being serviced".

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EC pressure on Israel

From Mr Zalman Shoval.

Sir, Almost exactly 50 years after the Nazis ordered a boycott of Jewish tradesmen, Edward Mortimer finds it appropriate to call for economic sanctions by the European Community against Israel ("Hearing the message of the uprising," February 2).

"Why," Mr Mortimer asks, "should the EC lay aside its one important lever on Israeli policy?" Actually Israel imports more from the EC than she exports to it, but that is beside the point.

There are two immediate answers to Mr Mortimer's question. First, it is not the business of the EC to interfere in the internal affairs of its members or its contractual trading partners. Would Mr Mortimer suggest that the EC apply its "lever" also against Britain because of Northern Ireland, or against Morocco because of its war against the Polisario – or is it just Israel which is to be singled out?

Second, after the extermination of six million Jews during the Holocaust, while most of the world stood idly by, Europe does have a special responsibility towards the survivors, who are trying against heavy odds to reconstruct their individual and national existence in their homeland.

Israel takes its democracy and all that this implies, including the rule of law, very seriously; this, indeed, is one of its problems in combating violence and terrorism. But is not Israel entitled to defend itself against those who want to destroy it?

Israel faces the well-known dilemma of a free and open society trying to defend itself against those who want to subvert it by force and violence – a dilemma not always successfully resolved by the UK and the US in the past.

Zalman Shoval,
75 Sharet Street,
Tel-Aviv,
Israel

Letters to the Editor

Vocational education compared

From Miss Hilary Steedman.

Sir, It is surprising that Alison Wolf (February 2) should consider "master of a few crucial skills" (crucial to whom?) more worthwhile than broader technical understanding and competence. In today's world of rapid technical change, a high degree of flexibility and adaptability of the workforce has become increasingly required by industry.

One of the factors contributing to French industrial success has been the provision of vocational education which aims to equip students with a broader technical understanding (for example, basic electronics, mechanics, technical drawing for manufacturing occupations), as well as competence in specific skill areas. The same is true of Germany. In Britain it seems all too frequently to be the case that young trainees are merely expected to acquire the one or two narrow skills directly required by their employers.

For a vocational qualification to be of value today – to trainees and to employers – it is essential to examine both theoretical knowledge and practical skills by objective external assessment. Our international comparisons of standards of vocational training at the National Institute have been based on the appropriate final examinations and practical tests, and not on syllabuses (which, as Alison Wolf rightly points out, do not tell us what vocational skills a qualification actually guarantees). A pass in the French vocational qualifications we analysed must include a pass with a score of at least 50 per cent in an externally set and moderated practical test, lasting between 8 and 12 hours.

By contrast, practical tests were dropped by the City and Guilds of London Institute some years ago, and by no means all training boards in the UK have yet succeeded in making a pass in externally set and moderated skills tests a condition of award of a craft certificate.

It is precisely because in French vocational schools students spend half their time in practical workshop activities, and must pass an externally set and moderated practical test, that these courses are able to equip students with the training and education necessary for work in skilled engineering occupations.

There is much to be learnt from the way France and Germany have succeeded in equipping such a high proportion of their workforce with a basic technical education and practical skills training. To imagine that the UK can succeed in a high-technology competitive world by aiming solely at a narrowly-skilled workforce is a recipe for long-term national decline.

Hilary Steedman,
National Institute of Economic and Social Research,
2 Dean Trench Street,
Smith Square, SW1

From the General Secretary of Apex.

Sir, Mrs Alison Wolf makes an important point (Letters, February 2): formal tests are very bad at telling how a skilled worker will perform on the job.

What she fails to point out is that there is widespread evidence to show that a longer basic education provides the community with workers who show more initiative, and have greater flexibility, than those of shorter formal education. Since the UK has failed for many years to increase its statutory period of formal education, while all our major competitors have increased theirs, the implication – for a society where commerce and industry are based on the ability to master forms of new technology – is fundamental to our future.

Mrs Wolf rightly says that the National Institute of Economic and Social Research study of engineering training expresses concern at Britain's low number of qualified workers at craftsman and technician level, compared with France. In fact the difference between the two countries in this respect is so alarming as to render the points she makes of secondary importance.

In mechanical and electrical engineering work, France trains between two and a half and three times as many qualified craftsmen and technicians per head of the population as the UK.

Numbers of people gaining craft qualifications in France rose by 60 per cent between 1975 and 1985, while numbers in the UK declined disastrously. The proportion of workers with vocational qualifications employed in engineering and metal-working is 50 per cent higher in France. French industry employs nearly twice as many technicians as British industry does. (This is clearly related to the consequence that output in the UK engineering industry fell by 6 per cent between 1975 and 1985, while output in France rose by 15 per cent; and the value added represented by their output is substantially higher than that of the UK.)

Unless we in the UK increase the length of formal education for young people, in line with our competitors from Korea to France – and unless we substantially increase the number of computer and technical trainees for industry and commerce – then Britain's decline will continue.

Roy Grantham,
Apex,
22 Worple Road, SW19

Australian unions had a central role

From Mr Roy Green.

Sir, Joe Rogaly (January 29) attempts to draw lessons for the British Labour Party from the Australian experience. This would be instructive if the right lessons were drawn.

It may certainly be true that, in Australia, "Labor has won the arguments, while the Conservative opposition is lost and forlorn." However, it is wrong to imply that this is because union leaders are "keeping their heads down," and that their counterparts in Britain should do the same.

The Australian union leadership is widely acknowledged to have played a central role in developing and reshaping the "accord" with the Labor government. The current shift in the wages system from centralised incomes policy to more flexible bargaining at enterprise level is due in large measure to union initiatives.

The aim is to extend collective bargaining over issues which relate to productivity and competitiveness in the trade-exposed sectors of the Australian economy. This approach is being pursued within the framework of a tripartite industry policy, and will be supplemented in the near future by further measures to promote employee involvement in company decisions.

Far be it for me to advise the British Labour Party on how to improve its electoral popularity. But those who would wish to restrict or play down the trade union role in Labour's recovery will draw no comfort from the Australian experience.

Roy Green,
12 Meehan Gardens,
Canberra Act 2603,
Australia.

Shrinking credit at the bank

From Mr J.P. Maddams.

Sir, Michael Dixon (January 27) refers to a bank boss who refuses to employ anyone over 5 feet 9 inches tall. Is this to encourage potential employees to go in on their hands and knees?

J.P. Maddams,
13 Aldonley,
Almondbury,
Huddersfield, West Yorkshire.

A line to take with lists

From Mr J. Kendall.

Sir, FT readers who feel aggrieved that the listing of their houses (Weekend FT, January 16) amounts to confiscation of some of their property rights may like to take a firmer line.

Those who have not yet received a "listing visit" from the Department of the Environment should remember that they do not have to open their door to an inspector unless they so wish. When a young lady official from the Department requested permission to enter our farm buildings I asked her what she would do if I refused. She answered that she would have to manage with what she could see from the public road – and that is what she did.

J. Kendall,
Jubilee Hall,
Ulcombe,
Maidstone, Kent.

Education changes in Scotland

From Mr Jim O'Neill.

Sir, Your readers should not be misled by Government propaganda into believing that the new proposals on school boards in Scotland are a substantial climb-down on the Government's part. It is only the presentation which has changed, not the policy.

On *per capita* spending, the school board will be required to confirm the head teacher's plans. Mr Michael Forsyth, the Under Secretary of State for Education and Health at the Scottish Office, made it clear that the corollary to this was that the board could reject the plans. Such control over *per capita* spending, of course, gives very substantial direct influence over the curriculum.

The original plan, to allow a school board to veto the head teacher appointment, has been amended to give the board the power of veto over the short-list. This is a considerable extension of the board's powers: it can vet all the applicants for a post. Again, a board will be able to petition the local authority for a teacher's removal. The boards even retain the right to extend their powers to include direct management of the schools.

These plans for school boards remain alien to the traditions of Scottish education, and dangerous to its proper management.

Jim O'Neill,
National Association of Schoolmasters/Union of Women Teachers,
34 West George Street,
Glasgow,
Scotland

Boro' are going to win the Cup

From Mr George Scott.

Sir, I beg space to salute Observer, a columnist who is not only, as we would expect, well-informed, but also a person of rare perception.

Ever since the unforgettable glories of George Camsell, George Hardwick and Wilf Mannion, I have followed the fortunes of the Middlesbrough Football Club. So often, rich promise has ended in melancholy disappointment. Now, as Observer has twice proclaimed, it is to be "Boro's" year; Boro' are going to win the Football Association Cup.

I saw them play non-League Sutton United down here in the soggy south in the third round, when they stuttered only to deceive, and to show their innate generosity of spirit. Similarly, in the fourth round, they have merely delayed delivery of the *coup de grace* to Everton. When they face Liverpool at Ayresome Park in the fifth round, no prisoners will be taken.

Already, as is my annual custom, I have backed Boro' for the Cup: first at 66-1, and now at 150-1. I am about to find out the odds on Middlesbrough doing the double – winning the Second Division championship, as well as the Cup.

May I urge you to publish this letter in praise of Observer before Tuesday's replay at Goodison Park? I do so not because of any fears about the result, but to avoid any cheap suggestions that I am climbing on a bandwagon. I have been sitting on it for more than 50 years, just waiting for it to roll. Up Boro'.

George Scott,
26 Vineyard Hill Road,
Wimbledon Park, SW19

UK delays payment to FAO funds

From Mr A.J. Peckham.

Sir, In his comments (Letters, February 2) on your report (January 27) of Britain's decision to delay its annual contribution to the United Nations Food and Agriculture Organisation (FAO), the organisation's director of information highlights its four main functions: a global information centre on food and agriculture; an adviser to governments in both developed and developing countries; and as a forum for related technical discussions; all – he claims – global activities unrelated to FAO's fourth role in mounting field projects (mostly, I take it, in the third world).

If that were true, why should Britain's £10m contribution be a charge to aid funds – that is, monies voted specifically by Parliament to be spent on aid to developing countries?

Whether or not there are 7000 FAO staff in Rome (a figure which the FAO director of information disputes), their tax-free salaries would go a very long way towards financing field projects. If, as is claimed, much of FAO's work is unrelated to the latter, then it is high time an alternative source of funds were found.

A.J. Peckham,
7 Yardley Park Road,
Tonbridge, Kent

Tax rates must come down

From Mr Graham Bannock.

Sir, Mr Samuel Brittan (February 4) makes the case for remitting £5bn in a tax reforming package, on the grounds that monetary policy is the most effective form of demand management – and with the proviso that we continue by that policy to tie our exchange rate to the Deutsche Mark.

Whatever the views on that, taxation is not just a means of financing government expenditure which has the inconvenient side effect of affecting the pressure of demand. Taxation, as Mr Brittan has pointed out repeatedly, also has longer term effects on the supply side of the equation, even though the Laffer curve may have been discredited.

Never mind the fact that many other – economically sluggish – European Community member states have a higher tax to GDP ratio than we have. We need to get tax rates down further towards US and Japanese levels if our emerging "enterprise economy" is to continue to change and grow at a rapid rate in the long term.

Radical tax reform may not be a realistic possibility in this Budget, but lower tax rates would reduce the effects of tax induced distortions on the pattern of output, encourage shifts in resources, the more efficient working of the capital markets, and improve labour mobility – not to mention tax compliance.

Graham Bannock,
53 Clarewood Court,
Crawford Street, W1

Hong Kong has always been denied representative government

From Mr T.W. Brown.

Sir, There clearly is no truth in the old cliché about the inscrutable Chinese, at least as regards Hong Kongers, because there is such an abundance of Britons endowed with the power apparently to read and articulate their political wishes and interests so perfectly and completely that the need for the normal democratic process becomes superfluous.

Mr Julian Huckin (Letters, February 1) joins with a colonial administration and UK government convinced they know best for the people of Hong Kong. I cannot accept that Hong Kongers do not want to have democracy "inflicted" on them, unless the question has been directly put to them in a referendum.

But the inalienable right of representative government and democracy *has* always been denied the Hong Kong people, and it seems that the Government is intent on reminding the UK's last colonial subjects that they remain – to the end – second class citizens, to be condescended to and spoken for like mute children.

The Government's refusal to introduce direct elections to the Legislative Council in 1988 may prove short-sighted and dangerous in its expediency. If our fear is of Communist Chinese displeasure, or that direct elections would be cancelled after 1997, our penalty for not even having tried will be loss of credibility for British authority in the territory until 1997.

It is naive to imagine that the Basic Law will provide for representative government in an acceptable form; it may well be that the UK government has lost its last chance to introduce proper elections without clashing with the officially published future Basic Law of Hong Kong. There are many who will regard this as an unforgivable betrayal.

If that were not bad enough, consider the fate of 5.5m hard-working, well-educated people, delivered not to nationhood and full political freedom after 150 years of colonial rule (as bequeathed to even the most undeveloped African colony), but to a regime which many of them had earlier fled, at danger to their own lives; denied even the opportunity of a new start in the country that owned, ruled and supposedly protected them during those 150 years.

The removal of Hong Kongers' full British nationality was in itself a shameful act. It is one which will benefit countries – such as Canada – offering a more flexible welcome to infusions of the entrepreneurial spirit and energy of the most dynamic economy in East Asia.

Thomas Brown,
47 Kempsford Gardens, SW5

FOREIGN AFFAIRS

A deafening silence on defence

Ian Davidson argues that European leaders should be concentrating on more important matters than agriculture

THIS WEEK'S European Community summit always looked like being a very difficult encounter. It was called as an emergency response to the deadlock, over farm policy reform and Community finance, at the December summit meeting in Copenhagen; yet there was little reason, apart from the handover of the presidency from a small country (Denmark) to a large (West Germany), to suggest that the problems would become any easier with the passage of time.

On the contrary, if electoral issues have anything to do with the case, the negotiations could be even more arduous. Nothing in UK Prime Minister Margaret Thatcher's character suggests that she will be likely to surrender the principles either of a cast-iron reform of farm policy or of Britain's entitlement to an unchanged budgetary rebate. The German government is facing a Land election in Baden-Wuerttemberg next month; and the pre-electoral rivalry in France between President Francois Mitterrand and Prime Minister Jacques Chirac makes it doubly difficult for either to get out of step with the other.

The build-up to the summit seems only to confirm the difficulties. President Mitterrand and Mrs Thatcher made no progress when they discussed the issues in London 10 days ago; last week Chancellor Kohl and Mrs Thatcher tried to put a slightly more cheerful face on their discussions, but without really suggesting that they were further forward.

At one level, the nature of the debate makes a pessimistic forecast only too predictable. Once again, a budget crisis is being used to extort a recantation of the Community's addiction to a farm policy which generates surpluses at vast cost. In theory, the need for reform is increasingly recognised, but it is the practice which hurts.

Yet at another level, it is absurd that anyone should accept with cynical resignation even the possibility that the 12 heads of government should meet not once, but twice, without recording an agreement. It is surprising that the Community countries should still be stuck with negotiating reflexes which already seemed short-sighted, unimaginative and nationalistic in the 1970s, but which today seem totally out of touch with any agenda appropriate for Europe's most pressing needs. The farm policy was no doubt a creative element in the Community edifice 25 years ago; it is ridiculous that it should still command two thirds of the Community's budget, and far more than two thirds of its political energies.

A recent declaration by the Action Committee for Europe, the recently resuscitated successor to Jean Monnet's celebrated EC ginger group, puts its finger on the point: "Last year was marked, in economic matters, by the dramatic fall in the value of the dollar and of stocks and bonds; in defence and security matters, by the signature of the INF (US-Soviet intermediate nuclear forces) Treaty.

"Opinions diverge on what the consequences of these events will be, save for one point: ... On the global scale, these events have shown that as long as our countries will not form a true union, their influence on the course of events will remain weak and our destiny will depend on the action of others."

As a response to this dilemma, the committee recommends that the Community 12 make a qualitative leap forward towards a closer union, first with progress towards a true monetary union, a single currency and a common monetary authority; and second, with a strengthening of Europe's defence arrangements in an enlarged Western European Union. Progress along both these avenues is essential, it argues. Europe will not carry its proper weight in international monetary affairs until it can speak with one voice, that is with one policy; but Europe cannot really achieve "economic and social solidarity, if it does not also extend to security through the implementation of a common defence policy".

What is strange about the committee's declaration is that it appears to have sunk without trace. The French Government was already engaged in pressing the case for closer monetary union, to the discomfiture of the Germans; but that particular debate seems not to have been given extra impetus; and no government seems to have responded to its recommendations on the defence issue.

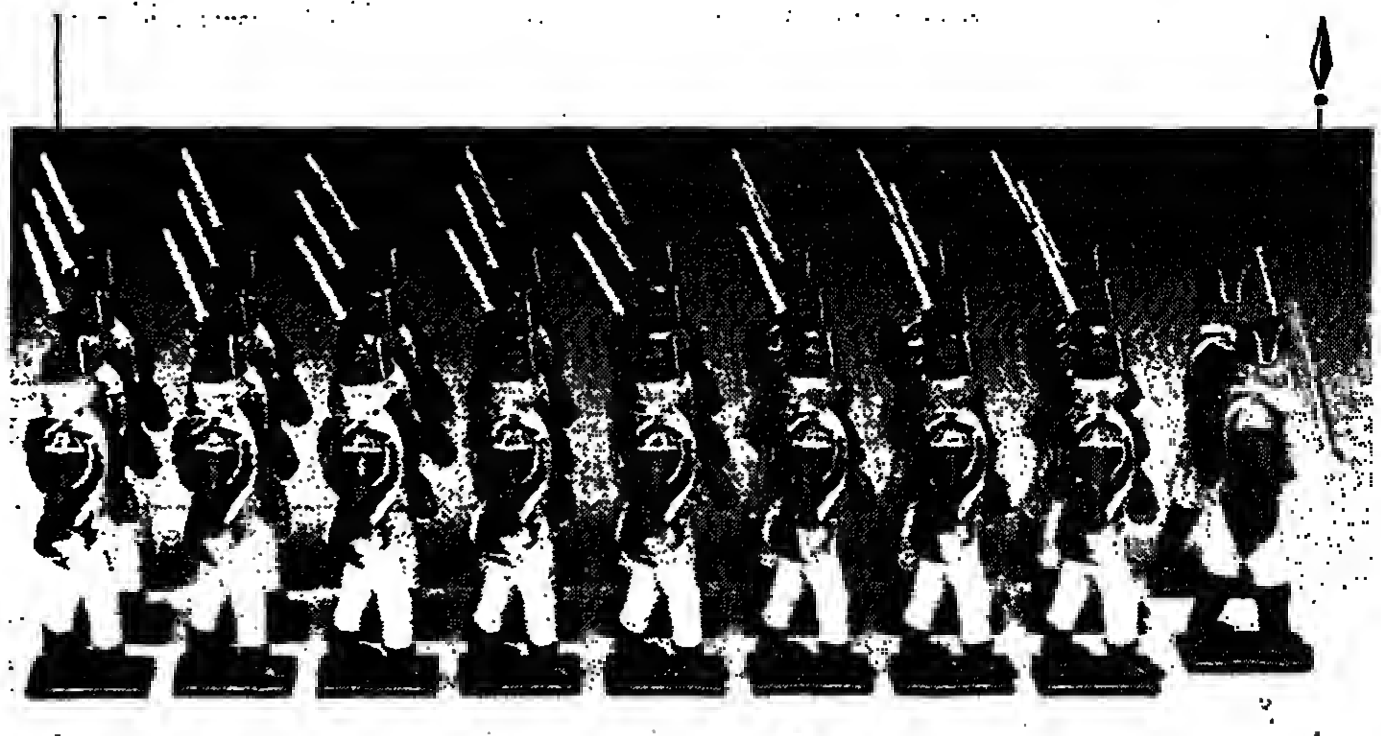
The argument for giving Europe a security dimension ought to be compelling; the record of the Reagan presidency, with Star Wars and the Reykjavik summit, the structural pressures on the US defence budget and the need to be able to respond to the mobile diplomacy of Mikhail Gorbachev, all urge a similar conclusion; and yet the reaction of the governments of the member states has been one of deafening silence.

Indeed, the three biggest countries in Europe all seem determined to show by their actions that they reject both the general argument for a stronger multilateral defence arrangement in Europe, and the specific recommendation that the WEU is the proper forum for it. Within days of the committee's declaration, France and Germany celebrated with military pomp the creation of a bilateral Franco-German Defence Council and a Franco-German mixed brigade; while Mrs Thatcher, at the opposite extreme, proclaimed, in an interview with the French news magazine L'Express, the old-fashioned virtues of Nato, and warned against any innovation (ie the bilateral Franco-German relationship) which might weaken it.

In principle, all seven member states of the Western European Union are committed to a collective strengthening of the European pillar of the Atlantic Alliance; that, at least, is what they agreed in the Platform on the European Security Interests which the WEU published last October. In practice, Mrs Thatcher seems concerned only to preserve the status quo in Nato and Britain's special relationship with the US; while President Mitterrand's interest in strengthening France's defence connections with the rest of Europe appears to be concentrated essentially on bilateral relationships, even though it was he who first mooted the resuscitation of the WEU.

Neither approach seems likely to offer serious solutions to Europe's problems. Mrs Thatcher was gratuitously insulting, in the L'Express interview, about France's bilateral initiatives: "I do not believe in initiatives for the gallery. I am for effectiveness. What is the use of a Franco-German brigade?" But it is nevertheless true that French bilateral arrangements are likely to be more symbolic than effective. However important they may be as a mechanism for declaring France's political solidarity with its European partners, without renouncing the inheritance of Gaullist doctrine, they can scarcely fail to be operationally marginal to the essentially multilateral nature of Nato. On the other hand, Mrs Thatcher does nobody a service by sneering at France's considerable efforts discreetly to rejoin its allies, let alone by talking as if the Alliance does not suffer from (among other things) a specifically European problem.

Whether the WEU will be the solution to the problem is perhaps a separate point; sooner or later, Europe's defence interests need to be based on multilateral arrangements. But in the meantime, for Mrs Thatcher to dismiss the political significance of French overtures, to Britain or to Germany, seems merely silly.



Fortunately, it didn't take a small army to deliver them.

A plan to invade America has recently come to our attention.

Involving several thousand soldiers on foot. And many more on horseback.

But before you start diving for cover, allow us to explain.

The soldiers in question are only inches high. Lead replicas, prized by collectors and made by Marlborough Military Models of Bridgend.

Our task has been to ensure that when all their fighting forces arrive on foreign soil they are still fighting fit.

Fortunately our expertise in this particular field of human conflict is considerable.

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FORMER PRIME MINISTERS LEAD CAMPAIGN TO TOPPLE MAHATHIR

Malay leadership crisis deepens

BY WONG SULONG IN KUALA LUMPUR

THE LEADERSHIP crisis within Malaysia's ruling United Malay National Organisation, Umno, has deepened, after the announcement that two former prime ministers are leading a campaign to topple Dr Mahathir Mohamad from the national leadership.

The move is being led by Tunku Abdul Rahman, the country's founding prime minister, who used the occasion of his 85th birthday yesterday to demand Dr Mahathir's resignation.

Speaking to a group of well-wishers at a tea party at his residence on Penang Island, the Tunku, or "Bapa Malaysia" (Father of Malaysia) as he is also known in Malaysia, announced that he and Tun Hussein Onn, Or Mahathir's predecessor, were sponsoring a move to revive Umno, which was declared "an unlawful society" by the high court last Thursday.

The court decision came after 11 Umno dissidents brought a case alleging that Dr Mahathir's election was invalid. The judge declined to rule on this but said that Umno was an illegal party because about 30 of its branches had members not affiliated to the national party.

The decision was interpreted, at the time, to mean that although Dr Mahatir would be able to stay on as prime minister he might have to stand for re-election. He won re-election as president of Umno last April by a narrow margin over Tunku Razaleigh, the Trade and Industry Minister.

Dr Mahathir summoned an emergency meeting of his close advisers last night to discuss the crisis. At the same time, the 12 coalition partners of Umno have pledged support to him, although it is difficult to ascertain the depth of their commitment in such a fluid situation.

The open challenge by the two former leaders represents the biggest threat to the 62-year-old Dr Mahathir since he came to power nearly seven years ago and it opens up an uncertain future for the multi-racial, multi-religious south east Asian country of 16m.

It is unclear how the two former prime ministers intend to force Dr Mahathir out of office. But Tunku Razaleigh would be the obvious beneficiary of their campaign.

Martini in $160m bid for liqueur producer

By George Graham in Paris

MARTINI and Rossi, the international drinks group, has launched a FFr917m ($160m) friendly counterbid for Benedicune, the French liqueur producer.

The new offer of FFr6,550 a share is 5.6 per cent higher than the bid from Remy Martin, the family-controlled cognac group, which was bitterly rejected by Mr Alain Le Grand, chairman of Benedictine and the fifth generation of his family to run the company.

The move keeps the spotlight trained on the international drinks marketing business following the conclusion last week of a fierce takeover battle for Martell, the French cognac group, when Seagram of Canada fought off rival bids from GrandMet of the UK.

Martini, which is incorporated in Luxembourg, managed from Geneva and controlled from Italy, ranks sixth among the world's spirits groups. It is bidding for the whole of Benedictine, unlike Remy, which has bid for between 51 per cent and 60 per cent of the company's equity.

Mr Robert Duranthon, chairman of Martini and Rossi's French subsidiary said: "For us, the addition to our range of a great liqueur is important. Our intention is that Benedictine should remain Benedictine, a prestigious name developing independently."

Benedictine yesterday welcomed the Martini bid as a friendly offer. The board is expected to meet shortly to accept the bid.

Remy yesterday made no formal response to the Martini offer. In an interview before the counterbid was announced, Mr François Heriard-Dubreuil, chairman of Remy et Associes, the distribution subsidiary through which Remy Martin has made its bid, said that his group was offering a good price for Benedictine.

"It cannot be justified on the financial results of the company as such. It is only justified because we have our distribution network," he said.

His brother Mr Marc Heriard-Dubreuil, vice-chairman of Remy et Associes, added that because of Benedictine's strength in the Far East, it would be incomprehensible for someone who did not have a strong sales force in that region to make a counterbid for the liqueur company. Remy, like most cognac producers, is strongly implanted in the Far East.

Remy Martin is keen to take on part of the marketing of Benedictine in the US, where Mr Le Grand has recently signed a distribution agreement with Whitbread, as well as in the UK. Benedictine's traditional British distributor, Matthew Clark, is expected to be thrown off balance by the recent purchase of its other major client, the cognac group Martell, by Seagram.

Mr François Heriard-Dubreuil said: "The most important thing in our business nowadays is to have control of your sales network. If you do not control your sales force, your local agent in a company may end up with problems because his brands can disappear, as may happen with Matthew Clark."

Martini's bid for Benedicune is subject to the approval of the French Finance Ministry, required for all foreign investments in France.

A team of volunteer rescuers in Petropolis remove the body of a victim of the floods which struck the Rio de Janeiro area of Brazil at the weekend. More than 100 people were reported killed

S Korean opposition party leader announces resignation

BY MAGGIE FORD IN SEOUL

MR KIM YOUNG SAM, leader of South Korea's largest opposition party, yesterday surprised his followers and the public by announcing his resignation as party leader.

In a move which he said was an attempt to unify the opposition parties before National Assembly elections due in the spring, Mr Kim said he was stepping down to try to alleviate people's mistrust of the opposition and politics in general.

"I hope my decision will inspire new hope and courage in the people who are now in despair," he said.

Late yesterday a delegation of party leaders was trying to persuade Mr Kim to change his mind.

In the Presidential election last December, Mr Kim came second to Mr Roh Tae Woo of the ruling Democratic Justice Party.

Mr Roh's victory, with 37 per cent of the vote, was blamed on Mr Kim and his opposition rival, Mr Kim Dae Jung, because of their failure to present a single candidate.

Mr Kim Dae Jung declined to comment on his rival's resignation, but a party spokesman said that, while welcoming it, the party was not sure of Mr Kim's real motive.

Analysts were puzzled by Mr Kim's decision, which he seemed to have taken alone, after strong indications early this year that he believed his Reunification Democratic Party would become the country's main opposition.

Observers pointed out, however, that Mr Kim could return to the post at any time, and that his close supporters remained in control of the party.

Last week Mr Kim Dae Jung substantially enlarged the breadth of support for his Party for Peace and Democracy when almost 100 new members were admitted from various democratic and dissident organisations.

The new members, who will also widen the narrowly focused regional base of the PPD in Mr Kim Dae Jung's home province of Cholla, are to have half the top party posts and a similar say in candidate selection for the spring elections.

The Seoul stock market gained 20 points on the news of Mr Kim's resignation. Investors apparently believed that the move would strengthen the opposition, which has been in the doldrums since the presidential poll.

Kim Young Sam: resignation

Senators back N-weapons upgrading

BY ROBERT MAUTHNER AND PETER RIDDELL IN LONDON

A GROUP of leading US Senators visiting Britain yesterday came out firmly in favour of the modernisation of short-range nuclear weapons in Europe, despite West Germany's desire to see them drastically reduced or eliminated.

However, Senator Sam Nunn, chairman of the influential Senate Armed Services Committee, said in London that Nato should take "West German sensitivities" into account and continue its efforts on where there was general agreement.

The five Senators, led by Mr Robert Byrd, the Senate's Majority Leader, had talks earlier with Mrs Margaret Thatcher, the British Prime Minister, and senior ministers.

There is to be a Nato summit of heads of Western Governments early next month.

Mrs Thatcher stressed the UK view that there should be no further reduction in nuclear weapons in Europe unless, and until, agreement was reached with the Soviet Union on reductions in the imbalance in conventional and chemical weapons.

She said European countries reserved the right to modernise other weapons.

Mr Nunn, referring to the reported clash of opinion between Mr Frank Carlucci, the US Defence Secretary, and West German ministers at a defence conference in Munich last weekend, said he had not heard any Government advocate the denuclearisation of Europe, as some reports had claimed.

Labour unrest unsettles UK markets

Continued from Page 1

were increased to 9 per cent last week.

The official Treasury line is that concerns in financial markets over inflationary pressures and the UK balance of payments have been exaggerated. A spokesman said the Treasury had been "surprised" by the turbulence in financial markets, and it now hoped for a calmer appraisal.

The signals were still "difficult to read," but there was nothing to suggest that the gradual slowing in economic growth forecast in last November's Autumn Statement from the Treasury would not occur.

Dealers said money markets yesterday signalled higher base rates; the key three month inter-bank rate was near to 9½ per cent by the close of trading points lower at 1,349.

The unsettled climate created by the resurgence of labour unrest and the possibility of another rise in interest rates provided a reason for City institutions to do nothing except amass cash and put it into the money market, dealers said.

By the close of trading, the FT-SE 100 Share Index was down 43.3 points at 1,694.5 and the FT Ordinary Share Index finished 38.1

Japanese give thanks for broken pins and needles

By Carla Rapoport in Tokyo

MATRONS in mink coats and prosperous businessmen rubbed shoulders in a tiny Buddhist Temple in the heart of Tokyo's fashionable Shibuya shopping district yesterday to give thanks for broken pins and needles.

Indeed, memorial services for used pins and needles took place in various parts of Japan on the day celebrated annually to honour the humble servants of clothing makers. Japan may be growing more affluent these days, but yesterday's pin festival showed that most Japanese still cling to a respect for thrift and the nobility of work.

During the lunch hour, when most Tokyo office workers are rushing to slurp down a bowl of noodles, hundreds poured into the Shojuin Temple in Shinjuku. Most were women, some in drab company uniforms, but most in splendid silk kimonos with mink or fox capes. Their pins and needles were laid gently in steel drums while some were given pride of place in a special tomb made out of bean curd.

The bean curd, like the incense and prayers, had a special meaning. Mr Torajo Sawamura, 74-year-old owner of a kimono shop, said: "Needles are hard. So when they have completed their work, they can enjoy the soft, yielding tofu (bean curd) as their reward."

Workers in the kimono industry had the day off yesterday to take part in the ceremonies. Needles are the most important element of making a kimono, according to Mr Sawamura, who was wearing a lacquer helmet, a black kimono and a Rolex watch. "The silk comes from a department store and the finished prodnct goes to the customer. We own the needles." Mr Sswamura added that be used thousands of needles to make kimonos each year.

The kimono makera were probably putting in a prayer or two for their business as well. Mr Hikaru Arai, deputy governor of the Kimono Sewers' Assocation, said sales of kimonos had declined by 20 to 30 per cent over the past five or six years. A good kimono costs as much as Y1m (about $7,500) and takes more than a hour to put on; shops charge Y10,000 for dressing a customer in her own gown.

Sewing machines have yet to be introduced into the annual February thanksgiving for pins and needles since most kimonos are still made by hand. It takes eight hours for a skilled sewer to make one kimono, once the cloth has been cut. Machines have been developed to do the work, but they cost as much as Y5m – a sum beyond the reach of the typical kimono shop employing four to five people, according to Mr Arai.

"If I used a sewing machine, I would bring it here to bless it when it was finished. But I think it will take a long time before people accept these machines," he said.

TV cameramen were on hand yesterday to record the events, which included a parade of trainee kimono sewers in their best silks. But the presence of the cameras prompted a grumble from the temple's head priest: "Next year, we must simplify this ceremony. It's too showy. We should be thinking about the life of the needle itself."

Gorbachev sets Afghan date

Continued from Page 1

New Delhi today as part of what is believed to be a Soviet plan to involve India, its closest non-aligned ally, in the peace process.

However, Mr Gorbschev's announcement was criticised as a "retrograde step" last night by a senior official of the Pakistan Foreign Office in Islamabad.

Mr Gorbachev stressed that the withdrawal was "quite naturally linked with precluding interference in Afghanistan's internal affairs." Consideration could be given to involving the UN in ensuring that hostilities did not flare up after Soviet withdrawal, he added.

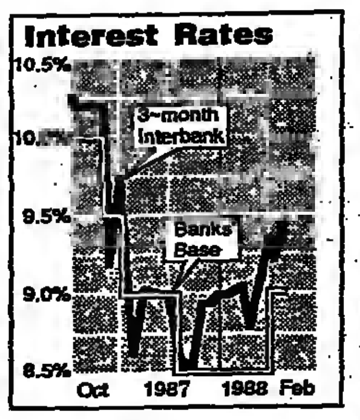
THE LEX COLUMN

Flemish fans for La Générale

The news that a group of patriotic Flemish investors have a stake in Société Générale de Belgique large enough to block Mr De Benedetti's bid has taken some of the heat out of today's court decision on the company's defensive share issue. Even if the judge decides – as seems increasingly likely – to prevent La Générale from securing its freedom at the cost of its small shareholders, the company seems likely to remain at least partly Belgian anyway.

The prospect may not reassure the company's management much, as the Flemish investors seem happy to settle for a minority in a company that is effectively controlled by Mr De Benedetti. However, it may not come to that, even assuming the court does the decent thing. Suez and its supporters, which may own almost as many shares as the Flemish group, seem more genuinely friendly to La Générale's management. Yet as the court is also examining the building of the Suez stake, the group's friendship may never be put to the test.

Meanwhile, nobody knows who owns the critical 30 per cent of the company not yet declared by tha three major players. Nearly a third of the remainder was sold yesterday, and unless a fourth big buyer has emerged, the others seem to be playing grandmothers' footsteps. Under such circumstances, the only way the share price can go is up, and De Benedetti will have to increase his offer still further if he is to get enough for control. A premium of 25 per cent above asset value might seem fancy, but given his equally fancy plans for putting the under-used assets to work be may well be prepared to pay it.



Markets

Yesterday's break below 1,700 on the FT-SE ought to have been dramatic, but instead gave a curious impression of indecision. Prices still seem governed not by real transactions, but by market-makers searching for the level at which buyers can be lured in. The institutions are scarcely to be blamed; the Ford strike is having a quite disproportionate effect on sentiment, and even the more apocalyptic base rate forecasts are gaining a hearing after the abrupt rise imposed by the authorities last Monday.

There is no denying that the market is in poor shape. Some of the reasons for being cheerful produced back in October no longer work; the market is 10 per cent lower than it was a year ago, and lower even than it was at the start of the year. ICI is back below £10 for the first time since the depths of the crash. There must clearly be a danger that the market-makers will push prices on down until real business revives.

And yet it is not clear how substantial the immediate worries really are. The Ford strike is alarming as a symptom, but arguably does not call for economic action on its own; indeed, the markets might be puzzled how to react if the strike were settled tomorrow. And although a further rise in base rates is obviously in the air, money market rates are discounting a full half point already. Even that is unlikely to come while equities remain in such a fragile state – in marked contrast, after all, to only a week ago. Conversely, the market may ask itself whether it is worth cheering up only to be knocked on the head again by Mr Lawson, but that is a chance it has to take sooner or later.

Hanson

If confirmation were needed that the market is turning its back on Hanson, yesterday seemed to provide it: Lord Hanson and Sir Gordon White had managed to sell off an asset purchased pre-crash at a handsome post-crash profit, and the market's only reaction was to trim nearly 3 per cent off the share price. They might well have expected a more charitable reception: with yesterday's disposal of the Lucerne Valley cement plant, Hanson has already got back at least $15m more than the $250m paid for Kaiser Cement last March – and that by selling businesses generating only half of Kaiser's profits.

Granted, cement looks something of a sure thing in Southern California, and Mitsubishi Mining and Cement would not be the first Japanese company to pay a bit over the odds for something it wanted. But it was a classic Hanson sleight of hand nonetheless: the combined effect of the sale and this month's conversion of £178m of loan stock will bring gearing down to perhaps 25 per cent, even without any further disposals. But further disposals there will be – bits of the amorphous Kidde group certainly, and the old Imperial frozen food businesses if the price is right. Lord Hanson will no doubt be keen to pull off the same neat trick with Kidde assets as with Kaiser, eager to prove that what made $1.7bn worth of sense before October 19 makes just as good sense now.

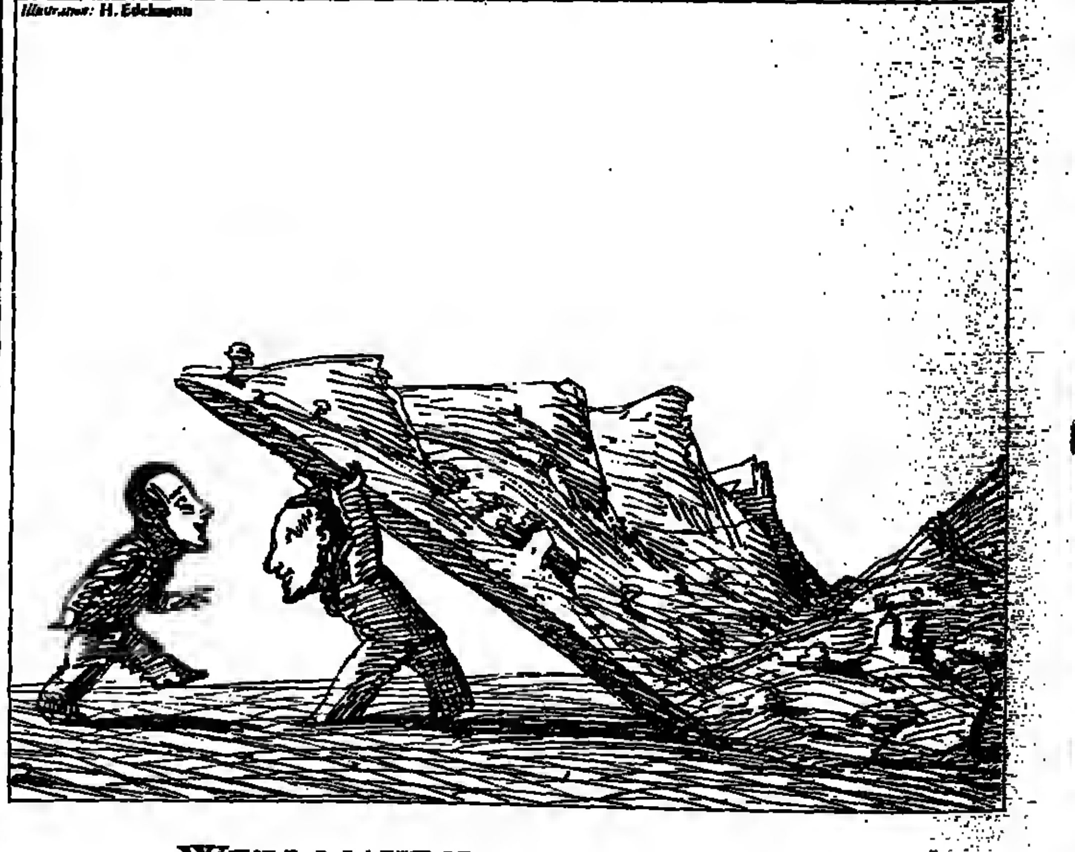
Container shipping

There is a certain irony about Sea-Land's decision to buy the world's biggest fleet of unemployed container ships for a knockdown price of around $150m. The ships belonged to Mr Malcolm McLean, the US container shipping pioneer who founded Sea-Land, and made a fortune 20 years ago by selling his company to R.J.Reynolds, the tobacco giant. A few years ago he emerged from retirement to buy US Lines and set out to challenge Sea-Land and reconquer the shipping industry by ordering a dozen of the biggest container ships ever built.

The plan proved to be one of the more spectacular business mistakes in recent history. Ever since the highly indebted US Lines filed for bankruptcy in November 1986, Mr Mclean's rivals have been waiting to see what would happen to the fleet, which is the equivalent of almost a quarter of all US container shipping capacity. Given the serious overcapacity in the industry, the best bet might have been to blow up the whole fleet.

In the event, the acquisition of the fleet by Sea-Land, and the decision to share the vessels on the North Atlantic with P&O and Nedlloyd, is probably the most realistic solution to a problem which has been haunting the shipping industry. Given the heavy US subsidies, the sale of the ships to non-American owners was a non-starter; and by reducing their container slots by a third, there should be no significant addition to capacity on the Atlantic. Meanwhile, the saga is a salutary reminder that US banks can still lose plenty of money on projects outside the Third World.

Illustration: H. Edelmann



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World Weather

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Readings at mid-day yesterday
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sleet Sn-Snow T-Thunder

Ford to lay off Belgian workers

Continued from Page 1

While last week's vote triggered the strike, the union's were given authority to call the strike by s ballot almost three weeks ago in which 88 per cent of manual workers voted for industrial action.

Union leaders will be pleased with the unanimous support for the strike, even at factories such as the Southampton van plant, where the 2,470 workers voted by more than two to one to accept the offer. Eleven of the union's 21 bargaining units, mainly at smaller plants voted to accept the offer.

Normal production was maintained at only the company's small components plant at Woolwich, which is due to close in six months with 180 redundancies.

There was heavy picketing at the Oagenham estate, east of London, which has five plants, and some picketing at Halewood on Merseyside.

Most white-collar workers reported for work. However, it is thought the white-collar unions may call a strike ballot

The company's proposals for far-reaching changes to the role of foremen, outlined in its offer to the white-collar uoions, dovetail with the package it has offered to the manual unions.

Mr Mick Murphy, the Transport and General Workers Union's uational automotiva officer, and the union's chief negotiator, said the unions were available for talks, but serious negotiations could only get underway if the company agreed to improve the rejected offer. Mr John Hougham, the company's director of personnel said: "It is a sad day for Ford, not only for the company but for its employees and a sad day for Britain."

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SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Tuesday February 9 1988

DOUGLAS
CONSTRUCTION GROUP

Wall St welcomes Dun & Bradstreet $1.65bn purchase

BY JAMES BUCHAN IN NEW YORK

WALL STREET yesterday responded with approval to Dun & Bradstreet's $1.65bn acquisition of IMS International even though the all-share purchase will depress the profits of the giant business information services group for some time.

"It's an excellent deal," said Mr James Dougherty, an analyst for County Securities USA. Analysts said that Dun & Bradstreet was paying a high price for the acquisition but IMS International, which provides market research to drug companies, had a secure market niche and was growing fast.

"This is the only market-research supplier to a $100bn industry," Mr Dougherty said yesterday. "It's an extraordinarily valuable franchise."

Dun & Bradstreet, which has strong positions in such businesses as credit information, media research, airline guides, Yellow Pages and market research, announced the deal late on Sunday. Dun & Bradstreet will buy each of IMS International's 41.7m shares with 0.801 of one of its own shares.

Mr Charles Moritz, chairman of Dun & Bradstreet, said: "We have long admired IMS and have had informal discussions with its management going back more than a decade."

IMS, which five years ago was valued at only $100m by the stock market, reported net income of only $44.6m on sales revenues of $411.5m during the 12 months to last September. Dun & Bradstreet reported net income of $393m on revenues of $3.4bn in calendar 1987.

The high price being paid in relation to IMS International's profits means that Dun & Bradstreet's own profits will fall by 7 to 8 per cent this year, said Mr Kevin Gruneich, an analyst at First Boston.

Dun & Bradstreet stock fell $3⅝ to $49⅝ in early trading yesterday, apparently in expectation of its lower profits.

However, IMS International said that its net income in the past three years had grown at a compound rate of 25 per cent, which is much faster than Dun & Bradstreet's or the stock market average. "This will be a consistent 25 per cent grower," Mr Gruneich said.

Analysts also said that the company faced little competition in its main businesses of providing pharmaceuticals companies with market share data on prescription drugs, analyses of doctors' prescriptions and hospital drug sales, journals and newsletters.

BNP bids for US bank

BY GEORGE GRAHAM IN PARIS

BANQUE NATIONALE de Paris, France's second-largest banking group, has launched a $100m bid for WestAmerica Bancorp, a Californian retail bank.

The bid, through BNP's Californian subsidiary, Bank of the West, depends on the successful negotiation with WestAmerica's board of an agreement which would dismantle the bank's "poison pill" defence mechanisms, put into place in December 1986 when it was fighting off a bid from Security Pacific, the second-largest West Coast bank. Security Pacific still owns 4.8 per cent of the bank.

Bank of the West and WestAmerica rank 14th and 19th in size, respectively, among Californian banks. Once merged they would rank ninth.

BNP said yesterday in Paris that the two banks had similar activities and markets.

WestAmerica, listed on Nasdaq, suffered a sharp fall in earnings last year to 65 cents a share from $1.66 a share in 1986, after making heavy provisions on its property portfolio.

UK CONGLOMERATE AGREES $195M PRICE TAG FOR CALIFORNIA UNIT

Hanson sells Kaiser cement plant

BY NIKKI TAIT IN LONDON

HANSON, the large British Industrial conglomerete, has agreed to sell its Lucerne Valley cement plant in southern California to Mitsubishi Mining and Cement, part of the Japanese group, for a total of $195m. Mitsubishi is paying $185m in cash and $10m for stocks.

Hanson acquired the plant as part of the quoted Kaiser Cement, America's fifth largest cement producer and the biggest operator in California, last March. The total acquisition cost of Kaiser was around $250m, but yesterday's deal – together with earlier disposals – means that the British group has now recouped well in excess of that sum.

Last March – shortly after completing the Kaiser purchase – Hanson sold on two Kaiser operations, Northwest Terminals and Montana City Plant, for $50.2m in cash. In August, it agreed to sell a 42.8 per cent interest in Indonesian cement manufacturer, P. T. Semen Cibinong, also to Mitsubishi for $26m cash, and in October, Kaiser sold its San Antonio plant in Texas $15.5m.

The Indonesian deal is atill awaiting government approval. Yesterday, however, Hanson estimated that, excluding that sale, the proceeds from Kaiser disposals now total $265m. Including the Indonesian disposal, Hanson will have raised about $290m.

The Lucerne Valley plant – which is capable of producing around 1.6m tonnes of cement a year and is said to have a 15 per cent market share in California, Arizona and Nevada – reported net sales of $86.8m in fiscal 1987, and pre-tax profits of $14.7m. Net assets at the year-end were put at about $150m and stocks, at $10m.

Mitsubishi said yesterday that it planned to take over the Cushenbury-based plant by April 1, and would set up a subsidiary in the US to produce and sell cement there.

The deal leaves Hanson with Kaiser's North California plant, near San Francisco, which has similar manufacturing capacity. According to Hanson director, Mr Martin Taylor, Kaiser's operations made a nine-months contribution of around £20m ($36m) to Hanson's 1987 figures – of which "something over half" came from the businesses which are being retained.

Hanson had no plans to dispose of any further Kaiser interests, and had not received any offers for the remaining Californian plant.

Yesterday's news comes in the wake of weekend speculation about disposals elsewhere in the Hanson empire – specifically, its Ross Young frozen foods business, which was bought as part of Imperial Group in 1986, and the Weber Aircraft division within Kidde Inc, a New Jersey-based conglomerate which Hanson acquired in November.

Yesterday, Hanson declined to comment on the rumours – as did United Biscuits, the UK food group which made a rival bid for Imperial and which has been mooted as the front-runner for Ross Young. Yesterday, Hanson shares fell 3½p to 126p, while UB lost 9½p to 259p.

LTV stages turnround to $141m

By Our New York Staff

LTV, the bankrupt industrial conglomerate which includes the second-biggest US steelmaking company, made a net profit of $141m, or $1.17 a share, in the last quarter, against a year-earlier loss of $470m.

The earlier loss included $600m of charges related to the company's Chapter 11 bankruptcy filing, which occurred in the third quarter of 1986. For 1987 as a whole, LTV made net profits of $503m or $4.24 a share, against the net loss of $3.27bn sustained in 1986.

The 1986 loss included $3.23bn of special charges. While LTV clearly benefited from a turnround in the US steel business, which accounted for 60 per cent of revenues in 1987, much of the improvement in its results comes from the benefits of Chapter 11 bankruptcy. LTV's results do not include most of the interest liabilities on its $6bn of accumulated debt.

Murdoch in warning to NY Post unions

BY ANATOLE KALETSKY IN NEW YORK

MR RUPERT MURDOCH, the international media magnate, told union leaders at the New York Post yesterday he would close the paper in less than two weeks unless they agreed to a 12 per cent pay cut so that he could sell the newspaper to Mr Peter Kalikow, a wealthy property developer.

Mr Murdoch also wants the loss of 77 jobs, aimed at production savings of $24m over three years.

Mr Kalikow agreed to pay $37m for the loss-making tabloid newspaper, but union leaders were dismayed to discover that there were no guarantees in the sale contract about continuing publication of the Post – America's oldest continuously published daily newspaper.

A official said that, while Mr Murdoch had initially hoped to obtain a written commitment to at least three years of publication, there had been no buyer willing to give stronger assurances than Mr Kalikow about the Post's future.

Mr Kalikow did agree to underwrite the pension and severance liabilities which the Post would face in the event of closure.

Mr Murdoch estimated these at about $30m, implying that Mr Kalikow would have a strong financial incentive to keep the Post going. The employment liabilities appear to represent the biggest part of the financial risk for Mr Kalikow.

The sale price is almost entirely covered by the value of the paper's downtown Manhattan property, which was estimated in the sales prospectus at $35m.

Mr Kalikow said he sincerely wanted to keep the Post publishing, but the paper was "close to the edge."

CanPac doubles earnings

By David Owen in Toronto

CANADIAN PACIFIC, the country's largest conglomerate, more than doubled its fourth-quarter operating earnings to C$199m (US$157m) or 66 cents a share from C$92m or 30 cents a year earlier.

However, figures for the latest period exclude special charges of C$164m related to a writedown by majority-held AMCA International and a provision for a loss on the future disposal of three hotels in West Germany.

This reduced the CanPac group's final net income to C$35m or 11 cents a share, compared with C$194m or 65 cents in 1986.

The previous year's figure includes special gains of C$102m.

For the year as a whole, operating earnings climbed sharply to C$636m or C$2.12 a share, from C$150m or 50 cents in 1986.

Revenues were not disclosed.

Senior managers make $700m offer for J.P. Stevens

BY RODERICK ORAM IN NEW YORK

J.P. STEVENS, a leading US textiles producer famous for its hostility to unions, has received a leveraged buyout offer worth about $700m from a group of senior managers, marking a further consolidation of the industry.

The group, led by Mr Whitney Stevens, chairman, is offering $38 cash and junior debentures worth $5 for each Stevens share. Its stock jumped $11½ to $44⅞, indicating that Wall Street is expecting the group will have to sweeten its offer.

The Stevens board has formed a committee of its seven outside directors to review the offer with the help of Goldman Sachs, the Wall Street investment firm.

The buyout group said it had arranged $420m of senior bank financing and was "highly confident" it would raise the remaining $276m to finance the deal.

Stevens, one of the foremost names in US textiles with a history stretching back to 1813, had a book value of $30.54 a share at the end of its fiscal year last October. Analysts believe, however, that the company could be worth more like $45 to $50 a share as it begins to benefit from its restructuring in recent years and rapidly improving business outlook.

"Stevens and the whole home textiles group is in good standing," said Ms Patricia Ryan, an analyst with Raymond James, a St Petersburg, Florida, investment dealer. Producers of goods such as towels and sheets have pushed through price increases while also benefiting from sharply lower prices of cotton and other raw materials.

In recent years, Stevens has sold off much of its clothing textile operations while pushing further into home textiles. It bought, for example, the domestic textiles division of Burlington Industries in 1985 for $109m. Burlington was subsequently taken private by its senior officers and Morgan Stanley in a heavily geared buyout last year.

Stevens, which earned net profits of $56m on sales of $1.6bn in the fiscal year ended last October, produces a wide range of "bed and bath" products, in addition to carpets, car interiors fabrics and other textiles.

The management buyout proposal includes an employee stock-ownership plan to allow salaried and non-union hourly employees to participate in the ownership of the group.

Polysar fends off Nova

BY ROBERT GIBBENS IN MONTREAL

MR BERNARD ISAUTIER, French-born president of Polysar Energy & Chemical, is fighting to thwart the efforts of Nova, a large western Canadian energy and petrochemicals group, from taking his company over.

At stake is Nova's ambition to create the country's largest primary and secondary petrochemicals company able to compete internationally.

Nova is headed by Mr Robert Blair, who has built it up from a small gas-transmission company into a diversified energy and chemicals group. Last year he sold half Nova's oil and gas subsidiary, Husky Oil, to Mr Li Ka-shing, the Hong Kong entrepreneur.

Nova recently acquired polyethylene assets in Ontario and plans primary and secondary petrochemicals expansion in western Canada.

Acquiring Polysar would increase its petrochemicals base in Ontario and add Polysar's oil and gas subsidiary Canterra Energy, a large gas producer which last year reduced its heavy debt.

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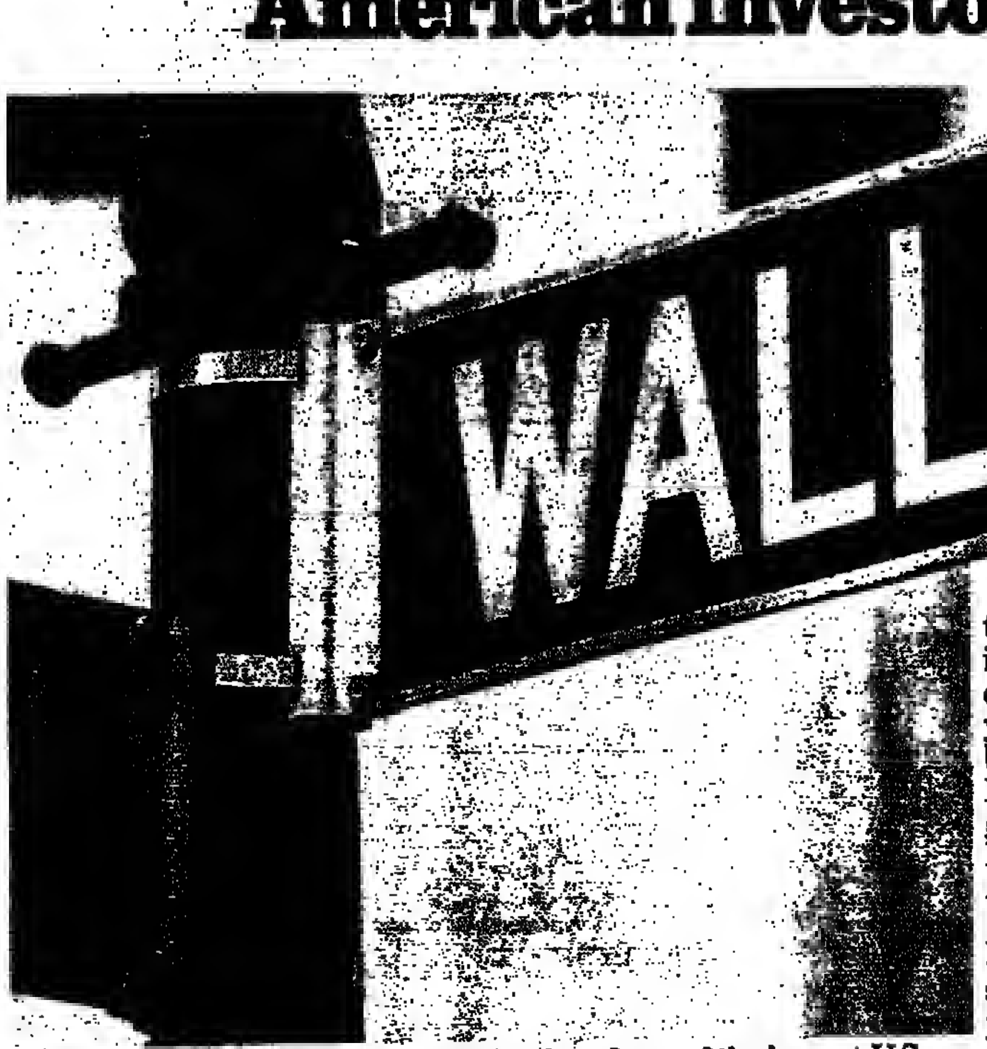

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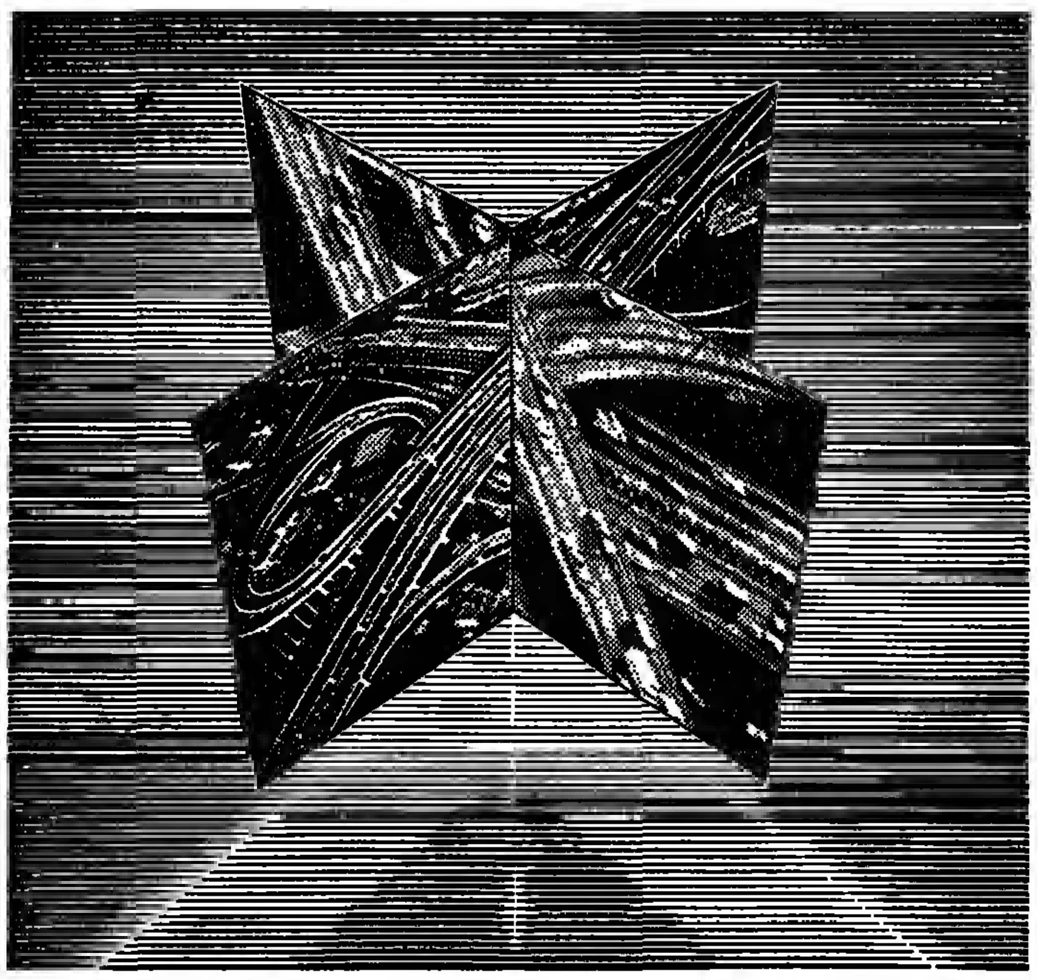

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1987 CONSOLIDATED TURNOVER

The BSN Group recorded consolidated sales of 37.2 billion French francs for the year 1987 compared with 33.6 billion French francs for the year 1986.
The breakdown of consolidated sales by division is as follows:

(in millions of French francs	1987	1986
Dairy Products	9,796	9,992
Grocery Products	8,826	7,485
Biscuits	6,362	4,253
Beer	5,577	5,478
Champagne, Mineral Water	2,975	2,855
Containers	4,626	4,812
	38,162.	34,675
Intra Group Sales	1 (1,006)	(1,052)
Total Group	37,156	33,623

In 1986 consolidated sales recorded by the Generale Biscuit group (ie. 6.2 billion French francs)were included up to 68.5%in the Biscuits Division,given the terms of its acquisition.
In addition,year-to-year comparison is affected by the consolidation,in 1987,in the Grocery Products Division,of the German company Sonnen-Bassermann,of the Italian pasta companies Ghigi,Mantovano and Tomadini and of the French company Stoeffler.
Finally,we precise that the sales recorded by the Italian group Sangemini (mineral waters)and by the company Danone Espagne,in which BSN acquired a holding in 1987,were not included in the consolidated sales of the Group since both companies are accounted for by equity method.

On a comparable basis and with unchanged exchange rates,the evolution by division is as follows:

Dairy Products	0.5%
Grocery Products	3.8%
Biscuits	5.7%
Beer	1.7%
Champagne, Mineral Water	13.6%
Containers	(0.5%)
Total Group	2.9%

Materne
Vandamme
Pie Qui Chante
Lu
L'Alsacienne
Heudebert
Kronenbourg
Kanterbräu
Evian
Badoit
Pommery
Lanson
...

GROUPE BSN
FRANCE'S LEADING FOOD AND BEVERAGE GROUP

Asko integration policy faces stern test

Haig Simonian on lurking problems for the fast-growing West German discount store retailer

EVEN THE brightest analysts often find it hard to puzzle out Asko, West Germany's fast-growing discount retailing chain, which has more than doubled sales to about DM10.1bn ($5.98bn) for 1987.

In the past 16 years the group has grown from a small regional co-operative into one of the country's biggest retailers, piling on acquisitioos almost as quickly as customers were snapping up cut-price goods off its shelves.

Its latest deal is to increase its shareholding in Massa, a rival discount store chain with sales in 1986 of DM3.3bn, from 24.9 per cent to 49.9 per cent. Late last week the West German Cartel Office indicated it would give the green light to the plan.

But for all its recent signs of success, and the company has been the subject of an almost endless flow of favourable bank and broker reports, Asko is very much a name which divides opinion.

> In the short term, the relationship with Massa needs to be sorted out

Asko Deutsche Kaufhuas – the group's full title – is actually an umbrella organisation for a wide-ranging retailing chain. Its main components are Basar, a food retailer, Adler, a bargain clothing chain, Praktiker, which specialises in DIY equipment, and Unger, which sells furniture.

Adler is now Germany's third largest clothing group after C & A and Peek & Cloppenburg, while in furniture Asko group companies together are "practically number one," according to Mr Helmut Wagner, chief executive of Asko.

Meanwhile, Praktiker, in conjunction with Extra, the DIY store brought on board when Asko took majority control of the Schaper group in January 1987, is Germany's biggest DIY chain.

In food retailing, Asko is less prominent. Basar is Germany's eighth largest food retailer after concerns like Aldi and the Co-op.

But after its breathtaking growth, Asko may now be facing an increasingly uphill task.

In the short term, it has to sort out its relationship with Massa. More serious in the longer term, however, is the question of whether it has the quality and depth of management required to run a company of its present size.

Asko's biggest acquisitiou came early last year, with the takeover of Schaper. This virtually doubled its turnover and catapulted it into the number two slot in German retailing, narrowly ahead of the Kaufhof department store chain.

It has also expanded abroad, notably in the US, where it owns 40 per cent of the Furr's retail group in Texas and New Mexico. Last August, Furr's consolidated its coverage by buying the 59-store El Paso division of Safeways.

However, it is the Massa deal which is clearly closest to Mr Wagner's heart at present, perhaps partly for symbolic reasons.

Asko is "just a poor discounter" compared with a "huge pioneer" like Massa, he says puckishly. Over the years,

Helmut Wagner: Asko "just a poor discounter"

Massa, which is based in the heavily populated Rhine-Main region, has became a household name.

Following last week's hints of a go-ahead for the merger, what is now likely is an interim period while the two groups make the necessary disposals in the region where authorities said their merger would infringe competition.

In the meantime, there is nothing to stop the two companies co-operating more closely. "We can do anything else short of having a common buyiog department," says Mr Wagner.

Ideas being considered include renting space to Adler on Massa sites, or the Asko chain buying complementary products made by Massa, like coffee, paint, or even pre-fabricated houses - of which it sells between 600 and 1,000 a year.

However, domestic problems are the main constraint to Asko's expansion. The link with Massa provides a good geographical fit, but the group remains weak in economically-thriving southern Germany.

Building more hypermarkets will be virtually impossible under present zoning laws, which require special permission for any unit of above 1,200 sq m.

Authorisation comes more easily for specialty non-food stores like Adler or Praktiker, notes Mr Wagner, but it is a struggle for a food retailer like Basar, or a group like Massa, whose hypermarkets cover an average 28,000 sq m.

New developments face oppostion not only from environmentalists but also from established retail groups, be they village corner shops or city-centre department stores.

Department stores are clearly a sore point for a discounter like Mr Wagner. The two opposing retail groups have been engaged in bitter rivalry as in-town stores have seen business slip away to the discounters.

Mr Wagner says: "There is a world of difference in mentality between the princes of in-town department stores and the Robin Hoods in the green fields." Discounters like Asko "take away from the rich department stores and give to the poor consumers."

Moreover, the two groups are now at odds over extending Germany's archaic shop opening hours, which most city-centre stores oppose. Mr Wagner, by contrast, would love to see a thorough liberalisation.

But for all Mr Wagner's bravado and innovation, Asko remains a puzzle. Some analysts are concerned about excessive growth and the need for consolidation now. Others have warned that Asko's profits forecasts are being exaggerated by its acquisition policy rather than reflecting any quality of growth.

Mr Wagner dismisses such comments as typical German conservatism and carping "whenever a small company gets ahead and does it quickly." Similarly, he thinks the DM60m profit the company is likely to make after tax in 1987 speaks for itself.

But Asko's biggest problem is undoubtedly the one least considered by the analysts. For all its expansion and ambitious plans for the future, it is hard to shake off the impression that the group is anything other than a one-man band, tightly run by Mr Wagner.

> Important tell-tale signs suggest that acquisitions are still being digested

There are undoubtedly many good managers in Basar, for example, who know the German food market inside out and can negotiate expertly with fresh milk product manufacturers or fruit importers. Likewise in Asko's other subsidiaries.

What is abundantly less clear, however, and certainly more worrying, is whether the company has yet developed the real depth of talent it now needs at the top beyond the ebullient Mr Wagner.

Sea-Land in container venture

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

SEA-LAND, the US shipping line, yesterday announced plans to operate on the Atlantic the world's 12 biggest containerships, in partnership with P & O Containers of the UK and Nedlloyd of the Netherlands.

Sea-Land, part of the CSX Corporation, acquired the ships from Econ Associates, a group of creditors of US Lines, for just over $160m.

The ships cost $670m three years ago when they were bought by US Lines, part of McLean Industries, for a round-the-world service which went disastrously wrong.

Most of the ships were bought by Econ Associates at auction, after US Lines went into Chapter 11 bankruptcy protection in November 1986.

The Sea-Land deal requires approval from the Federal Maritime Commission, but this is expected to be a formality since the ships will continue to be owned and registered in the US.

The insistence of the US regulatory authorities that the ships should remain US-controlled prevented several earlier attempts to dispose of the ships, including an attempt by US Lines to sell them back to Daewoo, the South Korean shipbuilder.

The Sea-Land deal provides for three ships to sail in the colours of P & O's Trans Freight Lines subsidiary, and two in the Nedlloyd livery. But the ships will be operated by Sea-Land, which will meet all costs.

The two European companies said they would charter capacity on the ships roughly in proportion to their existing market share. P & O is expected to take about 24 per cent of container slots, and Nedlloyd 17 per cent.

The ships are each capable of carrying 4,458 TEU (20ft equivalent units) but are to be modified before entering service to reduce capacity to 3,400 TEU.

This will reduce the draft of the vessels and increase their cruising speed, while reducing the increase in overall capacity on the North Atlantic.

P & O said the increase in capacity was expected to be about 4 per cent after existing tonnage operated by the three companies was removed.

Analysts believe even this small increase could depress rates, which have been under pressure on the Atlantic in recent weeks as a result of improvements in the service operated by Maersk, the big Danish operator.

However, the deal will give all three companies a cheap and efficent service which should enable them to ride out the effects of falling rates.

Audet shareholder group fights VNU's agreed bid

BY OUR FINANCIAL STAFF

A GROUP of shareholders holding a stake of about 26 per cent in Audet, the Dutch newspaper chain, is opposing the Fl 260m ($136.8m) agreed bid for the company from VNU, the biggest publisher in the Netherlands.

The group, which includes two Dutch regional newspapers – Nieuwsblad van het Noorden and Gooi-en Eemlander – and two unidentified US investors, is seeking an emergency court injunction. It held certificates representing some 260,000 of Audet's 1m issued shares, a court spokesman said.

Shares in both VNU and Audet were suspended yesterday by the Amsterdam bourse pending the outcome of the emergency court case.

Both publishers said in a statement they would clarify their position after the court ruling, but added their boards "see no reason to amend the conditions of the public offer." The offer is 2.5 new VNU stock and Fl 100 cash for each Audet share.

Audet's regional newspapers represent 9.8 per cent of total Dutch daily newspaper circulation.

Schneider buys 12% stake in Télémécanique

By Our Financial Staff

SCHNEIDER, THE French industrial group which last week unveiled a plan to bid for Télémécanique, said yesterday it had built up a shareholding of 12.1 per cent in the big electrical engineering group.

Schneider, which has been seeking to diversify some of its heavy cash balances, confirmed it would offer to pay about FFr3.6bn ($611.8m) for a majority shareholding in the engineering group.

Télémécanique shares were suspended last week at FFr3,735. The company, which increased its capital last year and brought in friendly institutional shareholders, has been a perennial takeover favourite on the Paris bourse.

Turkish privatisation to begin with Teletas sale

BY JIM BODGENER IN ANKARA

THE TURKISH Government will take the first big step in its long-planned privatisation of state enterprises with the flotation of Teletas, the telecommunications equipment maker, on February 29.

Minority government shares in private sector companies have been trickling through the revamped Istanbul Stock Exchange since last August.

An exchange official said: "Those were just a test. They were not anything of significance."

The Teletas issue will be for about 3m shares, 22 per cent of the company. The Government's remaining 18 per cent shareholding will be sold directly to companies and institutions at a later date.

The other main shareholder is the French Alcatel group, while Turkish companies and institutions hold smaller amounts. Because of the relatively small number of private sector shareholders, the shares have not, until now, been traded on the stock market.

Teletas workers will be offered 10 per cent of the issue and a small amount, about TL2bn ($1.79m) worth, will be offered to Turkish expatriate workers.

The flotation will be used to size up the interest in privatisation issues and the amount of money available for them.

The first fully-fledged state economic enterprises being considered for privatisation are Sumerbank, the textiles agency, and Petkim, the petrochemicals company.

legrand

Interim dividend and expansion in the United States

The board of Directors has decided to declare an interim dividend of FRF 17,00 per ordinary share, and FRF 27,20 per preferred share, payable as from February 1, 1988.
The Special Shareholders Meeting of Slater Electric has recently officially ratified the sale to Pass & Seymour of its industrial assets and business activity.
This operation practically doubles the Legrand Group's sales in the United States (*), and will also add a range of residential wiring devices to its existing range of devices for industry and the commercial sector.

Consolidated Group sales were up approximately 9.3% in 1987 with no impact from Slater acquisition.

(*) 1987 sales: Pass & Seymour, US $57 million; Slater, US $49 million.

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As of January 31, 1988, the unconsolidated net asset value was
US$ 277,408,043.65, I.E.
US$ 396.30 per share of
US$ 50 par value.
The consolidated net asset value per share amounted as of January 31, 1988, to
US$ 423.31

Halifax Building Society

Floating Rate Loan Notes 1994

For the three month period from 8 February, 1988 to 9 May, 1988 the Notes will bear interest at the rate of 9.60 per cent. per annum. The Coupon amounts will be £119.34 per £5,000 Note and £1,193.44 per £50,000 Note, payable on 9 May, 1988.

Morgan Grenfell & Co. Limited
Agent Bank

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Guaranteed on a subordinated basis by
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In accordance with the provisions of the Notes, notice is hereby given that for the interest period 3 February 1988 to 3 August 1988 the Notes will bear an interest rate of 7⁷⁄₁₆% per annum

The interest payable on the relevant Interest Payment Date, 3 August 1988 against Coupon No 9 will be U.S.$357.05

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Amsterdam-Rotterdam Bank N.V.

February 1988

INTL. COMPANIES AND FINANCE

Chris Sherwell on the troubles of an Australian media group

Fairfax future far from settled

WHEN 26-year-old Mr Warwick Fairfax embarked on his move last August to secure personal control of his family's famous media company, he could not have imagined the setbacks he would face on the way. Had he done so, he might never have contemplated the task.

Though he has achieved his principal goal – John Fairfax is no longer listed on the Australian Stock Exchange – the company right now is neither what it was nor what it was intended to be. Worse, its future is far from settled.

Over the months, Mr Fairfax has called off a planned public flotation of some of the group's interests, agreed under pressure to make major asset disposals, and then been obliged to alter or cancel them.

In the process the group has become involved in battles with bank creditors, changed its financial and legal advisers, dismissed key management personnel, and so antagonised its journalists that production has twice suffered expensive disruptions.

This is a far cry from the beginning of last year, when John Fairfax was by any standards a remarkable company. Its flagships were the Sydney Morning Herald and the Melbourne Age, both money-spinners and the country's two best quality dailies.

It also owned the Australian Financial Review national daily, the Sydney Sun afternoon tabloid, the Times on Sunday weekly, the New Zealand National Business Review, a clutch of suburban newspapers and weekly and monthly magazines, and the Spectator in the UK.

In broadcasting it had the successful Macquarie radio network and the Channel Seven television stations in Sydney and Brisbane. All of these outlets enjoyed a reputation for independence – it was the Fairfax hallmark.

Behind the success, however, was a weak spot – a lack of managerial sharpness bordering on complacency. It was exposed when the Government announced its change in media ownership rules at the end of November 1986.

The group was caught flat-footed as Mr Rupert Murdoch and Mr Robert Holmes à Court battled for the rival Herald and Weekly Times group and as the other major television networks changed hands for improbable sums.

Fairfax failed to pick up any newspapers in the shuffle, but ended up paying a premium price for the Channel Seven television station in Melbourne. It then sold all three stations after the market peak had passed.

The ambitious plan of Warwick Fairfax to buy out his family and take the John Fairfax group private following changes in Australian media rules underestimated two factors. One was the presence of Robert Holmes à Court and Kerry Packer and the other the state of the stockmarket. None of a series of complex transactions has gone through as planned and at the moment everyone looks like a loser.

Fairfax's handling of this media shake-up rankled family members who controlled about half the company's shares. The wrangling prompted young Warwick, about whom little was known publicly, to put together his ambitious strategy to buy them out and take the group private.

Under the original plan, his company, Tryart, aimed to put most assets, apart from the Sydney Morning Herald, into a subsidiary which would be floated but which Tryart would control.

This was to help repay some of the A$1.9bn (US$1.35bn) Tryart was borrowing from ANZ Bank to finance the deal. Some sort of asset disposal also looked probable but few people foresaw the dismantling which emerged.

Tryart underestimated two factors. One was the presence of Mr Holmes à Court and Mr Kerry Packer. Between them, these two entrepreneurs had built up a large enough stake in John Fairfax to thwart the whole move unless they were dealt into the game.

The second was the state of the stock market, which was nearing its peak and had become more overheated than most other world markets.

When the manoeuvring stopped, Mr Fairfax had to lift his offer from A$7.50 a share to A$8.50, which valued the company at an expensive A$2.55bn, and to sell an extraordinary range of assets to Mr Holmes à Court and Mr Packer, and to his second cousin, Mr John Fairfax.

For A$475m, Mr Holmes à Court agreed to buy the Financial Review, the Times on Sunday, the National Business Review, the Macquarie radio network and significant stakes in Australian Newsprint Mills and Australian Associated Press, the national news agency. Though not known at the time, he could also sell back the radio network for A$158m, or A$33m more than he was paying.

For A$250m, Mr Packer bought the Canberra Times newspaper and a large batch of magazines to add to his existing stable. Mr John Fairfax agreed to pay A$78m for some suburban newspapers and country magazines and a radio station.

When the share crash came, the dismantling went further. The public flotation was called off and in its place Fairfax agreed to sell its remaining stakes in Australian Newsprint Mills and Australian Associated Press to Mr Murdoch for A$275m.

What has since made all these transactions extraordinary, however, is the fact that none has gone through as planned.

The deal with Mr Packer has been concluded, but not in its original form. His Australian Consolidated Press did not take all the magazines originally specified, a change prompting redundancies at Fairfax.

The deal with Mr Holmes à Court collapsed ignominiously last week.

As for the Murdoch transaction, his news agency share purchase was stymied last month by the Trade Practices Commission, the country's anti-trust authority, and the rest of the deal remains unsettled. Only the sale to Mr John Fairfax looks intact, but even that is not yet concluded.

In the meantime, Fairfax has had to keep at bay Westpac Bank, National Australia Bank and other creditors. Apparently unknown to Tryart, the two big banks had a prior claim to A$300m of a A$430m instalment for the Channel Seven network purchase.

Last week Tryart secured a A$500m facility from Citibank to repay the banks. With payments from Channel Seven and Mr Packer sitting in escrow, it has thus secured a breathing space to recommence negotiations on asset disposals.

Interested parties include Pearson, owner of the Financial Times, which was a prospective partner with Mr Holmes à Court if his deal had gone through, and Mr Robert Maxwell, who owns the UK's Mirror Group.

One possibility being mooted in Fairfax's Sydney headquarters at the weekend was that up to half the company be sold to a new business partner. If that happens, it will call into question the original purpose of taking the group private.

With the outcome so uncertain, it is no surprise that Fairfax's troubles have provoked much wringing of hands and shaking of heads. It is probably the worst deal of the past year, none of it really seemed necessary and, at the moment, everyone looks like a loser.

Nissei assets reach $113.5bn

BY STEPHEN FIDLER IN TOKYO

NIPPON LIFE of Japan has displaced Prudential Insurance of the US as the largest life insurance company in the world measured in terms of assets, according to figures published by the Japanese company.

The group, already the largest in terms of new business, total insurance contracts and premium income, said its assets had risen by the end of September to $113.6bn. This compares with Prudential's total assets of around $108bn.

The development provides further evidence of the huge financial muscle now being wielded by Japanese financial institutions.

The balance sheet of the company, known in Japan as Nissei, has grown both because of the yen's appreciation against the dollar and because of a shift by Japan's increasingly affluent savers into life assurance.

The calculation was made at a rate of Y143.65 to the dollar. Since then, appreciation of the yen will have further swollen Nissei's balance sheet in dollar terms, although this was accompanied by the October collapse in world equities.

Nissei, whose assets passed the $100bn mark last year, is the largest investor in Japan. It was founded in 1889 as a limited company, changing its ownership structure to become mutually owned in 1947. It is half as large again as Dai-ichi Mutual Life, which ranks second in Japan.

In March last year, Nissei paid $530m to take a 13 per cent stake in Shearson Lehman Brothers, the US-based securities firm.

Like all Japanese insurance companies, the collapse of the dollar has forced Nissei to take significant write-offs on its holdings of dollar-denominated securities, mainly US Treasury bonds.

A measure of the companies' influence as international investors can be gauged from the interest shown in their participation in last week's US Treasury note and bond auctions.

Mr Tomohiro Kawase, senior manager of Nissei's finance and investment planning office, said the focus on the auction had been exaggerated, since there is no reason for an institutional investor to focus on the auctions when there is a liquid secondary market.

He said Nissei's strategy was to act cautiously with respect to US dollar assets, because of the sharp drop in the dollar following the stock market collapse. About half the company's foreign assets were held in dollars, nearly half of which is hedged to prevent foreign currency losses.

However, the company would not be able to stop investment abroad, which now accounts for 20 per cent of its investment portfolio. "Basically, we have too much liquidity domestically and in that context we cannot stop our investment abroad. But as far as the dollar is concerned, we will have to be quite careful for the time being."

Ashton Mining portfolio half book value

By Our Financial Staff

ASHTON MINING, the Australian diamond producer, disclosed yesterday that the market value of its securities investments by the end of 1987 was more than halved from the level at which the company was carrying them in its books.

The statement by Ashton was one of the earliest responses from a sizeable company to new disclosure rules on share trading. The Australian Stock Exchange and the National Companies and Securities Commission (NCSC), in a joint directive, are requiring all listed companies to disclose market and book values of investments as at December 31.

Ashton said the market value of its securities investments was A$22.1m (US$15.7m) by that date compared with a book value of A$47.2m. It added that long-term investments in resources companies amounted to 8.2 per cent of shareholders' funds.

The company, which is 46 per cent owned by Malaysia Mining Corporation, said the paper losses arose largely from placements which it had taken up.

The first involved its purchase of 12m shares in Carr Boyd Minerals, a gold miner. Ashton said these had been booked at A$2 each although Carr Boyd, in announcing shareholder approval for the increase in Ashton's stake to 30 per cent from 21.9 per cent, said it had sold the latest 10m share parcel at A$1.10. Their December 31 market value was 75 cents.

Ashton also bought 4m shares in Hill Minerals at A$1.65, compared with a year-end market level of 80 cents. Ashton's main asset is 38.2 per cent of Western Australia's Argyle diamond mine, the world's largest.

Australian companies have to snbmit year-end reports on their securities positions by the end of next week. Among other larger companies to have made announcements so far, James Hardie Industries, a building products group, managed to show a small premium on its holdings.

It gave the market valus of its investments as A$107.8m against a book value of A$104.6m.

CMI suffers downturn in sales and profits

BY JIM JONES IN JOHANNESBURG

CONSOLIDATED Metallurgical Industries (CMI), the South African ferro-chrome producer managed by the JCI mining group, suffered turnover and profit declines in the six months to December but expects an improvement in the current half-year.

Interim turnover dropped to R55.7m ($27.7m) from R57.5m and pre-tax profit was R17.5m against R25.2m.

Mr Murray Hofmeyr, the chairman, had warned that the first half's performance would be affected by closure of the plant for essential maintenance in July and August. He now says export prices and volumes have increased and he expects improved sales and profits during the current six months.

Net earnings dropped to 35 cents from 59 cents but the interim dividend has besn maintained at 20 cents.

Cumberland trading resumes

SHARE TRADING in Cumberland Credit, a cash-rich Australian company, has been allowed to resume after the National Companies and Securities Commission (NCSC) called last Thursday for tims to give the market clarity on complex changes in shareholdings, Reuter reports from Melbourne.

The NCSC last week froze the purchase or sale of Cumberland shares by Mr Larry Adler's FAI Insurances.

FAI, which sponsored Cumberland's flotation last year, last month sold its 19.75 per cent stake to Coronet Equities of New Zealand for some A$40m (US$28.5m). TNT, the transport group, then launched a A$170m bid for Cumberland.

FAI said its 26 per cent stake unveiled last week was largely the parcel sold to Coronet.

NOTICE OF APPOINTMENT OF SUCCESSOR PAYING AGENT, SECURITIES REGISTRAR, TRANSFER AGENT AND CONVERSION AGENT

To the Holders of 5¼% Convertible Subordinated Notes Due 1994 of Commercial Credit Company issued under the Indenture dated as of October 1, 1987 between Commercial Credit Company and Security Pacific National Trust Company (New York).

NOTICE IS HEREBY GIVEN that pursuant to Section 105 of the Indenture, Commercial Credit Company (the "Company") has appointed Morgan Guaranty Trust Company of New York, (the "Agent") at its Corporate Trust Office as its Paying Agent, Securities Registrar, Transfer Agent and Conversion Agent in the Borough of Manhattan, The City of New York, for the Company's 5¼% Convertible Subordinated Notes due 1994 in lieu of the Corporate Trust Office of the Trustee, Security Pacific National Trust Company (New York) effective February 12, 1988.

Henceforth and until notice to the contrary, the Corporate Trust Office of the Agent has been designated as the office or agency of the Company in the Borough of Manhattan, The City of New York, where the Notes may be presented or surrendered for payment, for registration of transfer or exchange, or for conversion, as provided in the Indenture, and where notices and demands to or upon the Company in respect of the Notes may be served. The address of the said Corporate Trust Office of the Agent is 30 West Broadway, New York, New York 10015.

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THIS NOTICE IS ISSUED in compliance with the requirements of the Council of The Stock Exchange, London, relating to the Indenture, dated as of February 15, 1973 (the "Indenture"), among Sperry Rand Corporation, a Delaware corporation ("Sperry"), and Chemical Bank, a New York corporation, as Trustee ("Trustee"), and the Supplemental Indenture, dated as of November 12, 1986 (the "Supplemental Indenture"), among Sperry, the Trustee and Burroughs Corporation (now "Unisys Corporation") regarding the 4¼% Convertible Subordinated Debentures due 1988 (the "Debentures"), issued by Sperry under the Indenture and assumed by Burroughs Corporation (now "Unisys Corporation") pursuant to the Supplemental Indenture. Please be advised that the Debentures will mature February 15, 1988 in accordance with the terms and conditions of the Indenture and Supplemental Indenture. The Debentures may be presented for payment of principal and interest, or conversion, at the Corporate Trust Office of the Trustee in New York City, or at the main offices of the Trustee in Brussels, London, Paris or Zurich, or at the main office of the Amsterdam-Rotterdam Bank N.V. in Amsterdam, or at the main office of Banque Generale du Luxembourg S.A. in Luxembourg, or at the main office of Banca Nazionale del Lavoro in Milan.

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Subordinated Floating Rate Notes Due August 1997

Interest Rate	7⅛% per annum
Interest Period	8th February 1988 9th May 1988
Interest Amount per U.S. $10,000 Note due 9th May 1988	U.S. $180.10

Credit Suisse First Boston Limited
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New Issue
February 8, 1988

This advertisement appears as a matter of record only.

Nippon Telegraph and Telephone Corporation (NTT)
Tokyo, Japan

NTT

DM 300,000,000
6⅛% Deutsche Mark Bonds of 1988/1998

Offering Price:	100¼%
Interest:	6⅛% p. a., payable on February 8 of each year
Repayment:	February 8, 1998 at par
Listing:	Frankfurt am Main

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Japanese plan more Swiss bonds

BY WILLIAM DULLFORCE IN ZURICH

JAPANESE banks plan to introduce more small, unlisted companies to the Swiss franc bond market, according to Mr Koji Takahashi, senior managing director of Dai-Ichi Kangyo Bank.

Describing this as a new trend for Japanese borrowers on the Swiss market, Mr Takahashi said there had already been an increase in private placements in amounts ranging from SFr10m to SFr20m for Japanese companies that had not previously issued corporate bonds even on their home market.

Some issues have been lead-managed by the Swiss subsidiaries of Dai-Ichi Kangyo, the Long-Term Credit Bank of Japan and the Industrial Bank of Japan.

Most of the borrowers were unlisted on the Japanese stock exchange but were well-run companies with excellent prospects and expectations of listings, Mr Takahashi said. The issues are guaranteed by the big Japanese banks.

The Swiss market was particularly attractive for small and medium-sized growing Japanese companies with "superior technology," seeking to raise medium and long-term funds, Mr Takahashi said.

He told a conference organised in Zurich last week by Euromoney that over half the more than 3,000 bonds issued overseas by Japanese companies since World War II had been placed in Switzerland. In value the Swiss issues amounted to the equivalent of $47.7bn, or 32 per cent of the total value of Japanese overseas issues.

Last year Japanese borrowers accounted for 46 per cent of the number and over 38 per cent of the value of Swiss franc bonds issues.

Until the October stock market crash, equity-linked issues dominated Japanese corporate borrowing in Switzerland.

Prospects for equity-linked notes obviously depended on the movement of the Tokyo Stock Exchange, Mr Takahashi said, but he thought Swiss investors, who looked at the fundamentals of the Japanese economy, would continue to welcome them.

Meanwhile, Australia and New Zealand Banking Group has become the first Australian trading bank to set up a securities dealing operation in Switzerland through its wholly owned subsidiary ANZ Securities. It has been licensed by the Zurich stock exchange.

ANZ Securities (Switzerland) will work under the umbrella of ANZ Merchant Bank in London. It will initially specialise in Swiss franc note issues for Australian and New Zealand clients but will also market the Euro-bond, short-term note and commercial paper products offered by the ANZ group worldwide.

Its strength in Euro-Australian and Eurosterling bonds, should be particularly important, Mr Bev Walters, managing director of ANZ Merchant Bank, said.

Tokyo SE heads off bidding war for traders

By Stephen Fidler in Tokyo

NOT FOR TOKYO the unseemly salary escalation and widespread poaching of traders that accompanied London's Big Bang – at least not if the Japanese Ministry of Finance gets its way.

In the latest of the country's "Little Bangs," 16 foreign and six domestic securities firms will on May 23 be admitted to the Tokyo Stock Exchange as members, the largest one-time expansion since the exchange was created in its current form in 1949.

Both the MoF and the exchange have made it clear to the entrants that they do not want this to result either in a bidding war for experienced traders on the floor of the exchange, or in the even less desirable western practice of poaching teams of dealers.

Mr Masao Takamori, manager of the foreign division of the exchange, said the desire to avoid over-aggressive recruitment – relayed in letters sent recently to the new firms – was born out of concern for the exchange's smaller member companies, believed to be most vulnerable to poaching.

The exchange's current 92 member firms employ about 1,000 floor traders who, at age 25 to 30, will typically draw perhaps Y8m (£35,400) a year – a reasonable recompense though hardly a fortune in high-priced Tokyo.

To help resolve the recruitment problem for the foreign firms, the big Japanese securities houses have offered to train new staff and to second experienced floor traders to work temporarily for foreign competitors.

These offers have, however, met with a less than enthusiastic response: the training process would take too long and the idea of using a dealer whose first loyalty is to his Japanese employer is enough to make any head of trading blench.

Until now, the foreign firms have been content to take a relaxed view. Some will not start trading until well after May 23 anyway. With their domestic market-places in gloomy mood, they have been happy to follow the guidelines, avoid the use of headhunters and to keep within a 10 per cent limit for salary increases.

Yet now that they have paid more than Y1bn apiece for a TSE seat and have put in place expensive computer systems to deal with the business, some of the foreign firms say that, if it comes to the crunch, they will not allow a few million yen to come between them and the trader they want.

All of which suggests that the spirits of share traders in Tokyo may be rather higher than those of their counterparts in London or New York for some time to come.

Eurosterling prices drop on interest rate fears

BY CLARE PEARSON

EUROSTERLING BOND prices plummeted yesterday amidst concerns that UK interest rates were likely to rise once more, in spite of last week's ½ percentage point increase in bank base lending rates to 9 per cent.

The recent rally in Eurodollar bond prices meanwhile paused, as profit taking set in following last week's strong advance. This had been fuelled by encouraging US economic data, creating hopes that the Federal Reserve would ease its stance.

Prices of UK government bonds were marked sharply lower at the outset on worries that interest rates would rise again, following an outbreak of labour unrest. Falls in seasoned Eurosterling bond prices tracked those of gilts closely, discouraging retail sellers.

On any strengthening in the market, dealers expect investors to sell secondary market bonds in favour of unplaced recent issues.

Prices in the newer issues were thin on the ground yesterday, but a £100m 10-year bond for British Airways was yesterday quoted at less 4% bid, against 2 per cent fees. Meanwhile, last week's £150m five-year bond for Marks and Spencer Finance featured at a bid price of less 3¾, compared with 1¾ per cent fees.

The Eurodollar bond market stood up better than US Treasuries yesterday, with prices falling by only ¼ percentage point in the 10-year area.

Nevertheless, rumours of more new Eurodollar bonds continued to circulate yesterday. Eastman Kodak, the photographic group which last week arranged a $5bn credit to fund its acquisition of Sterling Drug, was mentioned. Dealers were also expecting a longer-dated deal for a sovereign borrower.

Daiwa Europe yesterday arranged a complex Y20bn five-year deal for British Petroleum (Overzee). A "bull and bear" issue, it is split into two equal tranches, each with redemption amounts linked to the Japanese government bond future settlement price on the Tokyo Stock Exchange three months before redemption. It is clearly aimed at institutional investors.

The "bull" tranche will be redeemed at the JGB settlement price less 17.94 per cent, while the "bear" tranche will be redeemed at Y191.60 less the final settlement price. Both tranches bear 7 per cent coupons and are priced at 101¾. Daiwa said British Petroleum was swapping the proceeds into floating rate dollars.

Credit Suisse First Boston launched a new A$75m issue for IBM Australia Credit, even though the Australian dollar market had become congested with new paper last week. In spite of the attractions of its name, IBM's 12¾ per cent four-year deal, priced at 101¾, was therefore selling slowly.

The Canadian dollar market was also still groaning under the weight of new paper, though a recent C$100m five-year deal for Oesterreichische Kontrollbank held up relatively well. It was quoted at less 1¾ bid, within 1¾ per cent fees.

The D-Mark new issue market revived yesterday after a quiet time last week, with new issues totalling DM600m emerging. This compared with only DM320m worth of new paper in the whole of last week.

In secondary dealing, domestic bonds shed early gains as US Treasuries opened lower in New York. Prices ended the day roughly unchanged from Friday's closing levels. A 6¾ per cent 10-year Federal Government bond was fixed - before New York markets opened - 15 basis points higher at 100¾.

D-Mark Eurobond prices closed unchanged to a touch firmer after opening up to 20 basis points higher. Turnover was low however amid a dearth of paper.

Three Luxembourg subsidiaries of West German banks tapped the new issues market yesterday.

Deutsche Genossenschaftsbank brought a DM300m seven-year deal for DG Bank International. Bearing a 5¾ per cent coupon, and priced at 100¼, it traded at less 0.65 bid, according to the lead-manager.

Industriekreditbank led a DM150m five-year bond for Nobis Societe des Banques Privées, which is 36 per cent owned by the lead-manager. Four other German banks each own 16 per cent of the share capital. Dealers said the 5 per cent par-priced bond was largely preplaced.

Bayerische Landesbank, as sole manager, brought a DM100m five-year 5 per cent bond for its own Luxembourg subsidiary. This was priced at 100¼.

Deutsche Bank led a DM150m five-year 5¼ per cent bond for Privatbanken, the Danish bank, priced at 100½. It traded at less 1¼ bid against 2 per cent fees.

In Switzerland, prices of secondary market bonds ended a touch firmer in fair volume after some banks cut cash bond and customer time deposit rates by about ⅛ per cent. For instance, three-to-five year cash bonds now pay interest at 4 per cent.

A SFr250m 4¾ per cent 11-year bond for ICI Finance closed its first day's trading at 98, 1¾ points below its issue price.

Swiss Bank Corporation led a two-tranche SFr150m deal for Asian Development Bank, each incorporating call options. The 20-year SFr50m 5 per cent tranche is priced at par. Dealers said this looked reasonably priced, but they felt the SFr100m seven-year 4¾ per cent issue, priced at 100¾, looked slightly aggressive. It was quoted at around less 1¾ bid.

S.G. Warburg Soditic announced a five-year 5¾ per cent issue for Bond Finance, guaranteed by the Perth-based Bond Corporation. The par-priced bond will be for a maximum size of SFr150m.

Banque Paribas (Suisse) priced a SFr150m five-year equity warrants bond for Denki Kagaku Kogyo, a Japanese chemicals manufacturer. The coupon was cut by ¼ per cent from its indicated level to 2⅝ per cent. It traded at 102¼ against a par issue price.

INTERNATIONAL BONDS

Saab-Scania awards $350m mandate

By Alexander Nicoll

SAAB-SCANIA, the Swedish car and aerospace group, has awarded a long-awaited mandate to Bankers Trust for a $350m multiple-option facility.

The keenly-priced deal incorporates a two-tier annual facility fee: on the 40 per cent of the deal deemed to be "available," the fee is 6.25 basis points; on the 60 per cent deemed "unavailable," the fee is 3.125 basis points.

Put together, the facility fee works out to 4.375 basis points. Borrowers employing this structure must give prior notice of drawing "unavailable" amounts.

The interest margin is 5 basis points over London interbank offered rates, with a utilisation fee of 6.25 basis points on all drawings if they exceed $175m.

Kellogg, the US cereals group, has mandated Bank of Montreal Capital Markets for a $200m facility, with a five-year life extendable for another five, a 5 basis point facility fee, a margin of 10 basis points above Libor, and a utilisation fee of 5 basis points if more than half drawn.

Skopbank of Finland is to have a Y20bn Euroyen commercial paper programme arranged by Yamaichi International (Europe) with Nippon Kangyo Kakumaru as co-arranger.

TW Services, a US food service group, has appointed J.P. Morgan dealer for a $200m Eurocommercial paper programme.

MoF clarifies Mexico deal tax

THE JAPANESE National Tax Agency and Ministry of Finance have clarified some of the tax and accounting issues regarding Mexico's planned debt-for-bond deal, Reuter reports from Tokyo.

Officials say that Japanese creditor banks will be able to deduct from their tax liabilities losses expected from the deal, in which banks may swap some of their loans at a discount for new Mexican bonds backed by US bonds.

Japanese banks will also be allowed to sell their loans at a discount without revaluing the rest of their portfolios at the same discount.

According to Japanese officials, the clarification does not mean they are hoping that banks will participate in the deal or that the authorities are going to recommend that they do so.

Bankers have welcomed the authorities' advice but say it does not necessarily ensure that all Japanese creditor banks will participate.

Mr Kenichi Kamiya, president of the Federation of Bankers' Associations of Japan, said last week that Japanese banks remain noncommittal on the deal, as they are still uncertain about some of its elements. Japanese banks are worried that US Treasury bonds will secure the Mexican bonds' principal though not their interest.

Twenty-eight Japanese banks have extended loans to Mexico, and their outstanding loans account for some 15 per cent of Mexico's total debts to Western commercial banks.

•The Federation of Bankers' Associations of Japan is lobbying the Ministry of Finance for government help in raising banks' capital ratios.

The request is the first response by the Japanese banking industry to proposals for strengthening the capital resources of international banks made by a committee of the Bank for International Settlement (BIS) in December.

The federation is expected to argue that Japan's laws and tax system make it difficult for Japanese banks to raise their capital ratios.

Soviet bank may borrow more

BY JOHN WICKS IN ZURICH

FOLLOWING THE success of its recent Swiss franc bond issue, the Soviet Bank for Foreign Economic Affairs is considering raising further sums on western capital markets.

Mr Victor Gerashenko, the bank's deputy chairman, said in Zurich over the weekend that it had received "various offers from banks in different countries." These included a proposal for an Ecu issue.

He went on to indicate that other Soviet institutions might also borrow money in this way, and named Promstroybank, the plant construction corporation, as one possibility. However, no other Soviet body was likely to enter the market this year.

The issue of SFr100m worth of 5 per cent bonds was floated in January by a syndicate of mainly non-Swiss banks, headed by Bank für Kredit und Aussenhandel (BKA), itself owned jointly by Westdeutsche Landesbank and Landesbank in Stuttgart.

According to Mr Holger Bahl, general manager of BKA, the issue had initially been oversubscribed by the syndicate of banks, which subsequently passed on part of its allotment to meet client demand. The issue had met with considerable interest from Swiss and other banks and institutional investors but also from a "surprising" number of private investors, he said.

Mr Gerashenko, who said that the Swiss franc issue to some extent reflected "changes in process in our country", called it an experiment. Switzerland had been chosen because of its highly developed bond market and the fact that the bank has a branch in Zurich.

On the basis of the experience gained, he said, the bank was now looking at the possible "further use of this form of financing in various currencies on international and national capital markets".

While Switzerland's big banks had not wanted to take part in the transaction, Mr Gerashenko praised what he called the "constructive position" of the Swiss National Bank and the government.

Nomura lays off 36 US employees

NOMURA Securities International, the US subsidiary of Nomura Securities, is to lay off 36 locally hired employees by the end of this month to streamline its operations in the US, Reuter reports from Tokyo.

A Nomura executive said that the move was being made in order to respond to a drop in US business since the stock market crash last October. The cuts being made will be among clerical and administrative staff.

The company says it has no plans to lay off local employees in London, where Japanese investment-related business has been more active than in the US.

Nomura International had increased the number of US local employees to 600 in the past two years from about 200. It had 550 people on its payroll before the October crash, including 50 Japanese staff from the parent company.

Nomura is nonetheless likely to hire new local employees in the US after this round of lay-offs because many capable traders have become available there following rationalisation moves by US securities houses.

In Japan, Nomura has set the goal of cutting operating costs by 10 per cent since the crash, but has not changed its graduate hiring plans.

All of these Securities having been sold, this announcement appears as a matter of record only

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FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on February 8

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7⅞ 92	200	96	96½	+0¼	+0¼	8.64
All Nippon Air 9⅝ 97	100	†98½	99	+1⅛	-0¼	9.56
American Brands 8⅞ 92	150	98½	99	+0⅛	+1½	9.20
A/S Eksportfinans 7⅞ 93	100	94⅞	95⅜	0	-0⅛	8.72
A/S Eksportfinans 7¼ 92	150	95¼	96¼	+0⅛	+0⅛	8.32
Barc. Bk. Fin. 10¼ 89	200	†103½	104	0	+0⅛	7.96
Belgium 9⅛ 92	400	102¾	102¾	+0¼	0	8.42
British Telecom 7⅞ 96	250	91⅝	92⅛	+0½	+0⅛	9.00
British Telecom 8⅞ 96	150	101¾	102¼	+0⅛	+0½	8.45
Canada 9 96	1000	102	102½	+0¼	+0⅛	8.60
Canadian Pac 10⅜ 93	100	†105	106	0	0	9.37
C.C.C.E 7⅞ 91	115	96⅛	96⅞	+0⅛	-0⅛	8.24
C.N.C.A 7¼ 91	150	96¼	96¾	+0¼	+0⅛	8.34
Coca-Cola Ent. 8¼ 90	100	†101½	102	-0¼	+0¼	7.40
Credit Lyonnais 9 91	200	101⅞	102⅜	+0⅛	-0⅛	8.18
Credit National 7⅞ 92	100	96½	97	+0⅛	0	8.31
Credit National 7¼ 91	250	96⅜	96⅞	+0⅛	-0⅛	8.30
Denmark 7⅞ 92	500	95	95½	+0¼	-0⅛	8.55
Denmark 8¼ 91	300	†99⅞	100⅛	-1	-1	8.18
E.E.C 7 91	100	96⅛	96⅝	0	+0⅛	8.05
E.E.C. 7¼ 93	250	95½	96	-0⅛	+0⅛	8.30
E.E.C. 8¼ 96	100	95¾	96¼	-0½	+0⅛	8.93
E.I.B. 7⅞ 93	100	96	96½	+0⅛	+0⅛	8.45
E.I.B. 9⅜ 97	150	102¼	102¾	-0¼	+0½	8.96
Finland 7⅞ 97	200	92¾	93¼	+0⅜	+0⅛	9.05
Finland 7½ 93	200	95½	96	+0½	+0¼	8.47
Finland 9⅛ 92	100	†102⅝	103⅛	+1	+1	8.38
Ford Motor Cred 11¼ 90	100	106¼	106¾	-0⅛	+0⅛	7.78
Gen Elec Credit 10¼ 00	200	103	103⅜	-0⅞	+0⅛	9.79
G.M.A.C. 8 89	250	100⅜	101	+0⅛	+0¼	7.50
G.M.A.C. 8¼ 89	200	100¾	101¼	-0⅛	0	7.42
Hoesch 8¼ 97	100	†94	94½	0	-0½	9.20
Italy 9 90	1000	102⅝	103⅛	+0¼	+0½	7.72
Liberty Mutual 8½ 96	150	†96⅞	97⅜	+1⅞	+1⅞	8.98
L.T.C.B of Japan 8 92	100	98¾	99¼	+0½	0	8.31
L.T.C.B.of Japan 8 97	200	91½	92	0	0	9.40
Mercds-Benz Cred 8¼ 92	100	†100½	101	0	0	8.02
Metropolis Tokyo 9½ 93	200	103¼	103¾	0	-0¼	8.59
Mitsubishi fin. 7⅞ 93	100	95⅛	95⅝	+0¼	+0¼	8.91
Mutual America 7⅞ 92	100	†96½	97	+0½	+0¼	8.69
Norway 7¼ 92	500	†97	97¼	-1½	-1½	8.20
Pepsico Inc 7⅞ 93	200	96⅛	96⅝	0	+0⅛	8.24
Prudential Crp. 8¼ 94	125	101	101½	-0¼	+0¼	8.47
Qantas Airways 10⅜ 95	140	106¼	106¾	-0½	+0¼	9.11
Saab Scania 9½ 91	125	103¼	103½	+0¼	-0⅛	8.24
Saskatchewan 10¼ 92	100	107½	108⅛	-0⅛	0	8.41
State Bk S Aust 9¼ 93	100	101¾	101¾	-0⅜	+0¼	8.86
Swedish Expt.Crd.7¼ 91	100	96⅛	97	+0¼	-0⅛	8.30
Swed Exp Cred 10 92	100	106¼	106⅝	0	-0⅛	8.16
Sweden 7 91	250	96⅝	97⅛	+0⅛	+0⅜	8.00
Sweden 7 92	250	95¾	96¼	0	0	8.25
Sweden 8¾ 96	200	98¾	99¼	+0¼	+0¼	8.92
Sweden 8½ 92	200	101	101⅞	-0⅜	+0⅛	8.17
Toyota Mtr. Cred. 9 90	200	102½	103⅛	0	0	7.87
Toyota Mtr.Cred.7⅞ 92	150	†95½	96	+0⅜	-0⅛	8.43
Victorian Rep 11⅜ 92	150	109⅝	110⅛	-0¼	0	8.71
World Bank 7 92	300	†96¼	96¾	+0¼	+0⅛	8.06
World Bank 9 97	300	100¼	100⅞	-0¼	+0¼	8.92
Yasuda Trust Fin 8½ 93	100	98⅜	98⅞	+0⅛	+0¼	8.84

Average price change... On day +0⅛ on week +0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. BK. 6 94	200	101⅝	102⅛	+0⅜	+0½	5.64
Avis Fin.SVS 5⅞ 92	100	†102¾	103¼	+0¼	+0⅞	5.04
Bank of Tokyo 5¾ 93	100	†102⅜	102⅞	+0⅛	+0⅛	5.14
Central BK. Turkey 7 92	200	†102⅞	103⅜	+0⅛	+0⅛	6.19
Degussa Int. 6⅛ 97	200	98½	99	+0⅛	+0⅛	6.32
E.I.S 5½ 98	150	95⅛	95⅝	0	+0½	6.10
E.I.B 6 97	300	99⅝	100⅛	-0⅛	0	6.00
E.I.B. 6⅛ 96	300	101⅝	102⅛	+0⅛	+1	5.81
E.I.O. 6⅛ 97	400	100⅝	101⅛	+0⅛	+0⅞	6.01
E.I.S. 6⅞ 95	300	106⅛	106⅞	+0⅛	+1⅛	5.81
Euro.Coal& Steel 5⅞ 97	175	98⅞	99⅜	+0⅜	+1¼	5.98
Eurofima 6¼ 96	100	101⅞	102⅜	0	+0⅛	5.89
Elec On France 5¾ 97	300	98⅛	98⅞	+0⅜	+1	5.96
Forsmark Krtg. 5⅛ 93	200	99⅝	100	+0⅛	+0⅛	5.15
I.A.O.B. 6 97	200	98½	99¼	+0⅛	+1⅛	6.16
IBJ 5⅞ 92	100	†103	103½	0	0	5.07
Japan Finance 5¾ 97	100	97¼	97⅞	+0¼	+1	6.12
Ireland 6½ 97	300	†100	100½	+0¼	+0⅞	6.46
Korea Dev BK 6⅜ 93	100	102⅞	103⅛	+0⅛	+0⅛	6.00
Malaysia 6¼ 94	150	98⅜	99⅛	-0½	-0¼	6.49
Oesters. Kontbk. 5 93	300	99½	99⅞	+0¼	+0¼	5.09
Portugal 5¾ 92	150	103⅛	103⅞	+0¼	+1⅛	4.85
Portugal 6⅝ 95	150	102⅞	103⅛	+0¼	+0⅛	6.15
Royal Insurance 5½ 92	300	†101¾	102¼	-0⅛	-1¼	4.95
Statoil 6¼ 97	200	†99⅛	99⅞	+0¼	+0¼	6.30
Soc Cem Nuclear 7¼ 95	150	103⅛	103⅞	-0¼	0	6.63
Stewesg 5½ 96	100	†97⅞	98⅜	+0⅛	0	5.77
Tokyo Elec. Power 6 97	300	†98	99	0	+0¼	6.22
World BK. 6¼ 97	600	101	101¾	+0⅛	+0½	5.98

Average price change... On day +0⅛ on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev.Bk. 5⅝ 96	100	†101¾	102	-0⅛	-0¼	5.34
Asfinag 5 02	150	†100¾	101	+0⅛	+1½	4.91
Bayer W/W 2½ 02	250	†95½	96	+0¼	+0¼	2.86
BBL W/W 2¾ 97	100	*†87¼	87¾	0	-0¼	4.43
Elec.De.France 5 07	100	†100	100¼	+0¼	-0¼	4.99
E.I.B. 4¾ 97	200	†100	100¼	0	-0⅛	4.73
E.I.S 4⅝ 97	200	†99½	100	+0⅛	-0⅛	4.66
Enso Gutzeit 5 99	100	†100½	101	+0½	+0⅛	4.91
Ireland 5 02	150	†97	98	+1¾	+1¾	5.25
Nippon Suis.Kdra.4⅝ 93	80	†103½	103¾	-	-	3.85
Occidentl.Petrol 5¾ 92	100	†103	103¼	+0¼	-0¼	4.87
Prov.al Manitoba 4¾ 02	200	†102	102¼	+0⅛	-0¼	4.47
Prudential Fin. 4¾ 98	200	†100¾	101	-	-	4.64
Qantas Airways 4¾ 97	110	†96⅛	96¾	-0⅛	-0⅛	5.22
SHV Holdings 4¾ 94	100	*†100⅞	100⅞	0	0	4.59
Tiroler 4¾ 97	100	*†101⅝	101⅝	0	-0⅛	4.53
Trans-Can. Pipe 4⅞ 94	100	†101¾	102	+0½	+1⅜	4.51
Victoria Pub.Ath.5⅜ 03	118	†102½	103	-0⅛	+1	5.11
World Bank 5 02	200	†98½	98¾	+0¼	+0⅛	5.13

Average price change... On day +0¼ on week +0¼

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Belgium 5⅜ 92	55	101¾	102	-	-	4.93
Belgium 4⅝ 94	45	96¾	97⅛	-0½	-0⅛	5.19
E.I.B 4⅝ 94	40	97⅛	97½	-0⅜	-0⅛	5.12
Elec. De France 5⅛ 94	20	100¼	100⅝	-0⅛	0	5.05
Kansai Electric 4⅝ 94	60	96⅜	96¾	-0⅛	-0⅛	5.29
Norway 4¼ 92	60	97⅝	98	-0⅛	0	4.82
Rep. of Italy 5¼ 92	150	103⅛	103⅝	-0⅜	-0⅛	4.81
Sweden 4⅝ 92	50	97¾	98⅛	-0⅛	-0⅛	4.92
World Bank 5½ 92	50	103	103⅜	-0⅛	-0¼	4.69

Average price change... On day -0⅛ on week -0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey Nat.BS.10¼ 93 £	50	99⅛	99½	-	-	10.45
Aegon 5¾ 91 FL	100	101⅝	102¼	+0⅛	+0⅛	5.16
Aegon 8⅞ 89 FL	100	103⅝	104	-0⅛	-0⅛	5.44
Alg. Bk. Ned. 5¾ 91 FL	100	101⅝	102	-0⅛	0	5.29
Amro Bank 6¼ 92 FL	150	†101¾	102¼	+0⅛	+0¼	5.72
Amro Bank 6 92 FL	200	101¼	101¾	+0⅛	0	5.58
Barc. Bk. 10¼ 97 £	250	97¾	98⅛	-0⅜	-1⅛	10.58
BP Capital 13¼ 92 A$	75	103¾	104¼	+0⅛	-0½	12.47
Creditanstlt.14⅛ 90 A$	60	†101¾	102¼	0	-0¼	12.98
Denmark 7¾ 92 ECU	100	†100⅞	101⅜	+0½	-0⅛	7.41
DG Fin. Co. 13¾ 90 A$	50	†104⅝	105⅛	+0⅛	+0⅛	11.49
DG Fin. Co. 14 90 A$	75	†103¼	103¾	0	+1	12.20
DG Finance 14⅛ 92 A$	50	†102¾	103¾	+0¼	-0¼	13.27
Deutsche Bank 9¾ 97 £	75	†97¼	97¾	-0½	-1½	10.30
Deutsche Bk.14¼ 92 A$	100	†105¾	106¼	0	-0½	12.27
Dresdner fin.13⅞ 91 A$	100	†105¼	105¾	+0⅞	+0⅛	11.71
E.I.B 8⅜ 93 LF	1000	†102	103	0	0	8.00
Euratom 7⅞ 97 ECU	145	†96	96½	+0⅛	-1	7.96
Euratom 11½ 88 FL	150	101⅝	102⅛	-0½	-0½	0.05
Eurofima 17½ 89 NZ$	50	†103	104	0	0	14.97
Finland 6 91 FL	100	101½	102⅛	-0⅛	0	5.47
Ford.Mtr.Cred.13¾ 91A$	75	102	103	+0¼	+0⅛	12.82
Gillette Can. 9⅞ 93 £	70	96	96½	-0¼	-0⅛	10.56
G.M.A.C. 9¼ 92 C$	75	98½	99⅛	+0½	+1	9.59
G.M.A.C Aus.Fin.14 90 A$	50	101¾	102¼	+0⅛	-0⅛	12.88
Halifax BS 10⅛ 97 £	100	†98⅞	99⅜	-0⅜	-0⅜	10.52
Heineken NV. 6½ 91 FL	150	†103½	104	-0¼	0	5.11
Honda Mtr.W/W 3⅞ 90 FL	100	†108	110	0	0	-0.36
Hunter Dgls. N.V. 7 91 FL	50	†101¾	102¼	0	+0¼	6.25
Imp Chem Ind. 10 03 £	100	94⅝	95⅛	-1¼	-1¼	10.69
Inv.In Ind.Int 10 93 £	60	98⅜	99⅛	-0⅜	-1	10.27
Leeds B.S 10½ 91 £	50	99⅞	100⅜	-0⅛	-1⅛	10.43
Mort.Bk.Denmark 6 91 FL	150	100⅝	101¼	0	+0⅛	5.73
Mtge. Bk. Dn. 6¾ 91 FL	100	102¾	103	0	0	5.78
Nat.Australia 14 92 A$	50	102⅝	103⅛	+0⅛	-0¼	-0.50
Nat. West.Bk.13⅛ 92 A$	50	†101¼	101¾	0	-0¼	12.69
Nationwide BS 10⅛ 93 £	75	98½	99¼	-0⅛	-1	10.43
New Zealand 7¾ 95 ECU	200	†99½	100	+0⅛	-0⅛	7.81
Oesters.Kbk.13⅝ 94 A$	75	103¼	103¾	+0⅛	0	12.73
Prudential Fin.9⅞ 07 £	150	88	88⅝	-1¼	-2½	10.05
S.O.R. 7¾ 95 ECU	90	†99¼	100¼	+0¼	+0¼	7.75
Tsthouse Forte 11⅛ 90£	50	101½	102⅛	-0⅛	-0⅛	10.14

* No information available-previous day's price

† Only one market maker supplied a price

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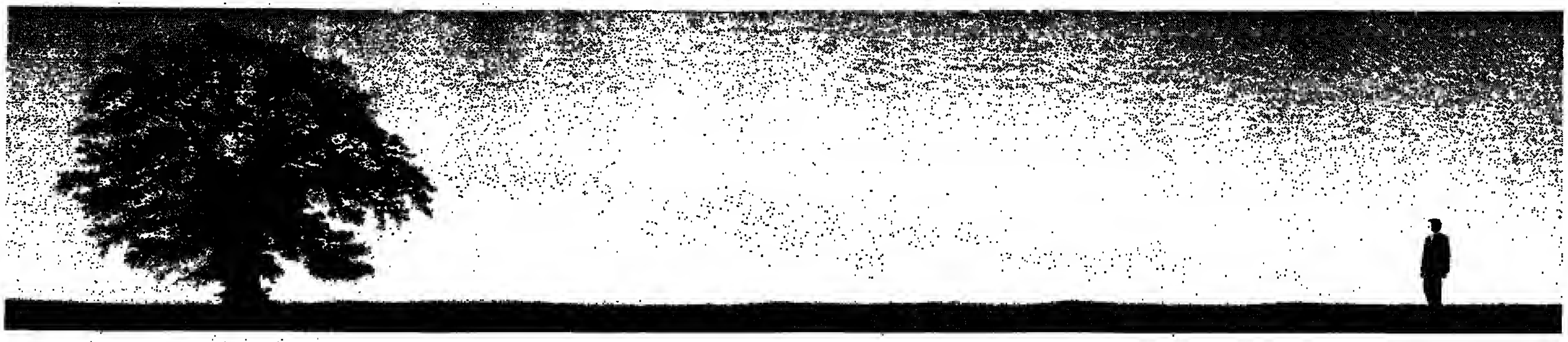
Volvo's Sense for Tomorrow.

A Commitment to Investors.



Call it taking the farsighted view.

A management philosophy ensuring Volvo has remained a financially strong operation profitable every year since 1932. And paid a dividend each year since 1935.

Listed in all major financial centers, including London and New York, Volvo 1986 became the first European automotive company to be listed on the Tokyo exchange.

Volvo shares have demonstrated persistent growth. Ten shares purchased three years ago for £184 are now worth over £300.

Some 60 years of consistent planning for tomorrow has seen Volvo develop into a broad-based industrial operation that in 1987 provided more than 20 percent return on equity.

In the past decade, Volvo sales have increased 385 percent from £1.9 billion to £9.2 billion. Volvo today has cash assets of £2 billion and minority interests in listed companies worth £700 million.

It all adds up to Volvo's sound management commitment, excellent financial strength, top labour relations, and the ability to develop new products and markets.

For Volvo's Sense for Tomorrow, read positive return on investment, good profits, stable production, creative management, quality employees and products, broadening operations within existing business sectors, and a commitment to the future.

Corporate Finance, AB Volvo,
S-405 08 Gothenburg, Sweden.

VOLVO

Michael Smith considers Blue Circle's £275m cash bid for Birmid Qualcast

Battle of contrasting characters

THE CONTRAST in background and personality is stark.

Mr David Poole, managing director of Blue Circle, cement company, was educated at King's School, Canterbury, and Oxford before starting his professional career in Barings, the merchant bank. His suave accent and appearance reinforce the rather stiff, no-nonsense image he projects. He leads his company from the front and clearly enjoys the cut and thrust of takeover battles.

Mr Peter Prateley worked his way up to the managing directorship of Birmid Qualcast, home products and foundries company, after leaving his Sutton Coldfield grammar school at the age of 16. Though affable and possessing an infectious sense of humour, he does not find it easy to adopt a high public profile and until recently he left Mr Alan Emson, his finance director, to do much of the company's public talking.

Between the two managing directors there is little evidence of an attraction of opposites. And the difference in their characters helps to explain why Blue Circle and Birmid are fighting a strongly-contested takeover battle.

With Blue Circle owning about 39 per cent of Birmid's equity, it is confident that its £275m cash offer, which closes on Saturday, will be victorious. But Birmid's campaign to remain independent has won praise in the City and the battle is by no means over.

Last week M & G Securities, controller of 17 per cent of Birmid's shares, declared public support for the company, saying the offer did not take account of its medium-term prospects. Birmid hopes the statement may encourage other shareholders, like the Prudential with 6 per cent, to follow.

Birmid has had plenty of time to prepare its defence. Having transformed itself from a foundries-domiuated group in the mid-70s into a diversified home products group, it has long been the centre of takeover speculation. Only a year ago it fought off a merger approach from Hepworth Ceramic, engineering conglomerate.

Foundries remain a significant part of the group but the attraction of Birmid is its brand names - Potterton (boilers), New World (gas cookers) and Qualcast, Atco and Webb (lawnmowers) - all commanding large shares of their markets.

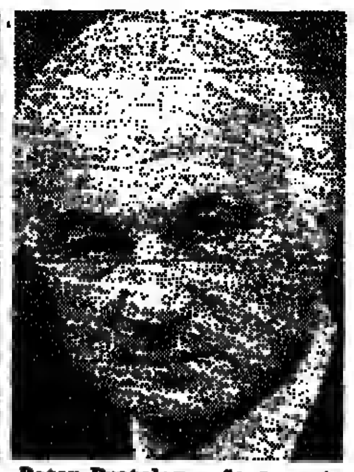
Blue Circle sees buying Birmid as an ideal opportunity to diversify from its core UK product of cement, growth prospects for which are limited. After strong overseas expansion in the early 1980s it also wants to balance the group better with larger UK earnings.

In addition there may be a defensive element to the bid. Analysts believe Blue Circle's underlying asset value could be more than £6 a share - Phillips & Drew, for example, suggests 615p - against a share price last night of 412p. Birmid is too small to be a poison pill against prospective predators but the acquisition would help to demonstrate the hands-on approach which Mr Poole, less than a year in the job, and his colleagues have adopted.

For all those reasons Blue Circle has been prepared to offer a fairly generous 380p a share. Birmid says the historic p/e ratio of 16.1 is an unfair discount to the average of post-crash takeover deals involving major companies.

However the offer price is thought to be close to the level which the Birmid board would have accepted and it represents a 90 per cent premium to Birmid's pre-bid price of 200p. The 200p figure now seems absurdly low for a company which last year increased pretax profits by 73 per cent to £22.62m and is this year forecasting a rise of at least 24 per cent.

David Poole – sees synergy



Peter Prateley – "arguments are shallow"

Nonetheless if Bine Circle's bid were to fail Birmid's share price would inevitably fall sharply from last night's 361p. Hoare Govett, Blue Circle's broker, estimates Birmid's share price would be about 260p had Blue Circle not intervened.

That is at the lower range of estimates but most analysts believe Birmid might struggle to keep the shares above 300p if the bid fails on Saturday. Given present stock market conditions, it would probably be months, even years, before the shares reach 380p.

In one sense the argument could end there. Blue Circle, after all, is offering cash, not shares, so its motives and prospects could be regarded as irrelevant by Birmid shareholders. However, hostile bids are less fashionable than they were a year or so ago, and fund managers and investors are being asked more than ever to consider the industrial logic of takeovers rather than just short-term financial considerations.

Blue Circle's strategy rests on its argument that home products is a fast growing, homogeneous market of £4bn a year which is ripe for picking by a large group with financial muscle. "There are no big players and there is room for one to emerge," says Mr Poole.

Combining Armitage Shanks, Blue Circle's bathroom products subsidiary, with Birmid's lawnmowers, boilers and cookers companies would produce a group with critical mass and enhanced negotiating powers, says Mr Poole. The enlarged division would benefit from distribution and marketing synergy and could move into related areas such as windows and doors and bedroom products.

"It's so shallow it isn't true," says Mr Prateley. "What are they proposing? That all Birmid's and Armitage's products should be made at one site? Or that they will send lorries all around the country to pick up all the products and distribute them."

Mr Prateley is equally scathing about the marketing benefits of a merger. "Salesmen need to be technicians - they have to know about what they are selling. You cannot expect a bathrooms salesman to talk knowledgeably about gas cookers, lawnmowers or boilers."

Perhaps neither side has gained the upper hand in the synergy argument - to some extent it depends on shareholders' views about whether big is beautiful. But Birmid has been able to score points by attacking Blue Circle's record with Armitage.

Blue Circle boasts that Armitage has trebled UK profits since it bought the company in 1981. Analysts point out, however, that the last seven years has been a period of heavy growth in the bathroom furniture market and Armitage's record compares unfavourably with, for example, that of Spring Ram, maker of bathroom and kitchen furniture.

The cement company is conspicuously quiet in its offer documents about the US division of Armitage, where losses are still being incurred six years after start-up and where one "greenfield" factory was closed less than two years after it was built.

Part of the problem was an unforeseen flood of imports. Bnt there were also management difficulties, including, says Blue Circle, miscalculations over the skills of the local workforce.

Mr Poole can claim, with justice, that these were problems he and his team inherited from their predecessors. Although he was in charge of Blue Circle's international operation at the time he had no involvemeut with Armitage Shanks in the US, which was run autonomously.

As the climax to the bid approaches, Birmid remains the underdog. Blue Circle, after all, needs only about a quarter of uncommitted shareholders to win.

Sentiment is probably on the side of the smaller company. In the last few years it has done all the right things - improved marketing, cut costs, added value to its products, made shrewd acquisitions - and supporters point to the unfairness of rewarding it with an unwanted takeover.

The bid provides a key test of the City's mood on takeovers. Since Black Monday all contested cash takeovers have eventually been won by the predator. But with institutional liquidity improving, Birmid helieves it can just scrape through with its independence.

Bardon £6.7m acquisition

Bardon Gronp, Leicester-based quarrying, building supplies and fuel distribution group, has acquired Daniel Platt, a ceramic and quarry tile manufacturer, for £6.7m cash.

Established in Stoke-on-Trent over 100 years ago, Daniel Platt is one of the four leading UK ceramic tile makers.

The acquisitiou is part of Bardon's moves to develop a building products division.

Simon Engineering US buy

BY DAVID WALLER

Simon Engineering, the process plant contractor, is to buy the South Dakota-based Telelect Group, a manufacturer of access equipment such as digger derricks, telescopic booms, and cranes.

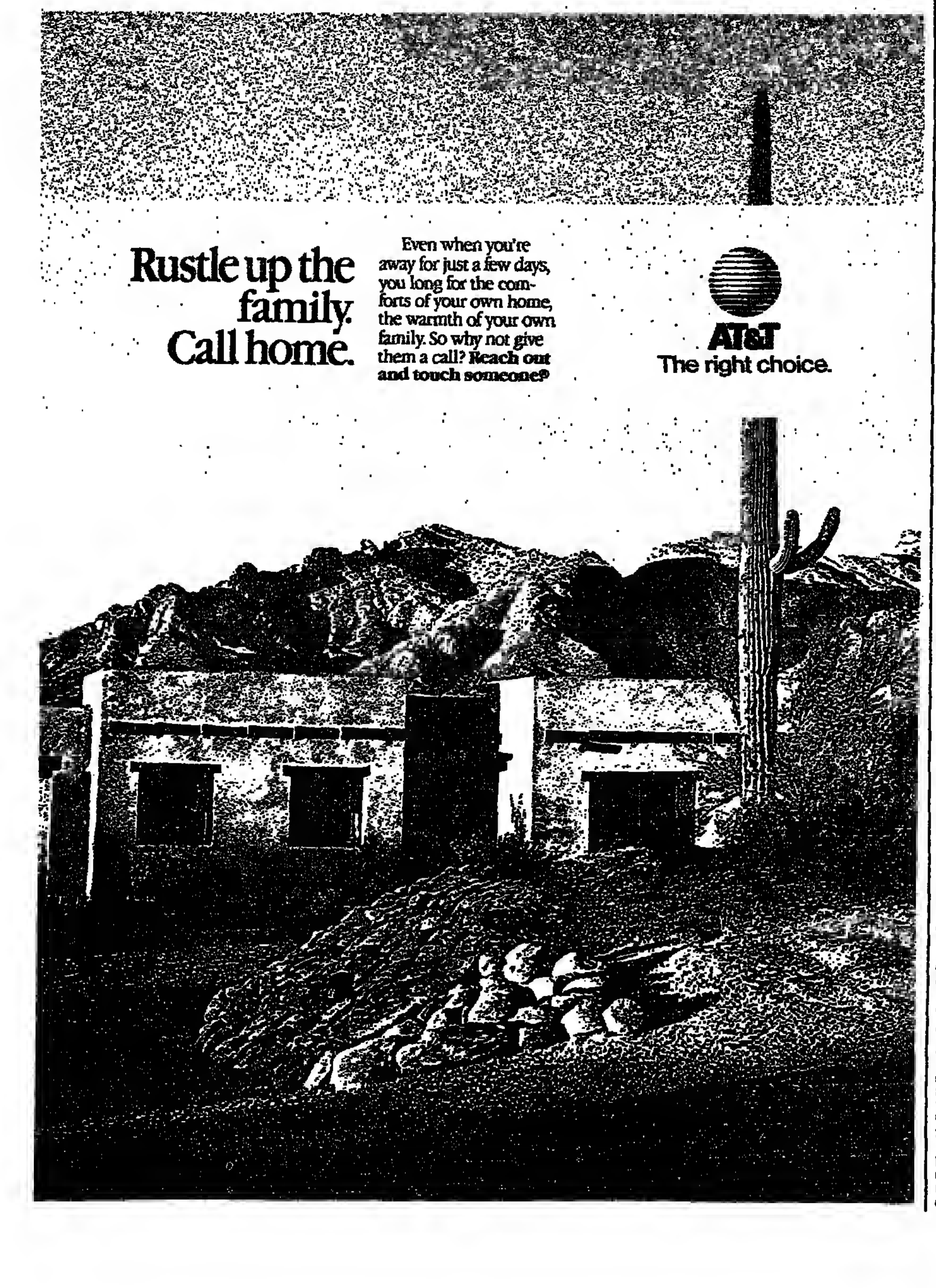
The initial consideration is $33m (£19m) in cash, to be followed by a further cash payment of up to $11m dependent on the company's profitability over the next three years.

Telelect made pre-tax profits of $7.3m last year on turnover of $37m; net assets at the end of the year amounted to $S.4m.

Simon claims that the latest acquisition gives it 10 per cent of the £700m world market for specialised access equipment. It follows three recent purchases in the sector.

In September last year, Simou bought Gloster Saro, a maker of aircraft refuelling vehicles from Hawker Siddeley for £6.8m; in November, it bought Kranlyft, a Swedish company, for £1.4m. Last month, Simon paid $3.4m to buy Duplex, a US maker of fire-engine chassis.

Simon's shares fell 10p to 249p yesterday.



Ladbroke denies bid for Magnet

Ladbroke Group moved yesterday to scotch recent speculation that it was preparing to bid for **Magnet**, kitchen and bedroom furniture manufacturer.

"The rumours are well wide of the mark," said Mr Ron Trenter, managing director of Texas Homecare, part of the Ladbroke Group. "We are growing organically at such a rate we don't see the need for such an acquisition."

Mr Trenter made the remarks yesterday as Texas announced two appointments to its board. Mr Nigel Franks is joining as property director from J Sainsbury, where he held the same position, and Mr Peter Hartley, formerly with Next, has been appointed finance director.

Benlox stake changes hands

By Nikki Tait

Benlox Holdings, the small investment dealing and civil engineering group which made an abortive "demerger" bid for retail giant Storehouse last year, moved against the market trend yesterday with a 2½p rise to 38½p on news that a Swiss company has acquired 10.26m shares (23.5 per cent) for itself and client accounts. The Zurich company is called Steger Finanz AG, and is described as "a banklike financial services company" with abont 60 shareholders.

News of the purchase follows an announcement on Friday that Dr Asraf Marwan, the Egyptian financier, had sold his entire holding – around the 23 per cent level – in Benlox.

Camco sells two offshoots

Pearson, industrial conglomerate which owns the Financial Times, has sold two business units of **Camco**, its oilfield equipment subsidiary, for $12m (£6.87m) cash.

Dowdco Coring Services, drilling service operation, was a "non-essential" part of Reed Tool, which Camco acquired last year. The other business being sold – Tejas Controls, systems controls company primarily serving the electric utility industry – no longer fitted Camco's concentration on oilfield equipment.

Dowdco and Tejas, which are being sold in separate transactions, recorded a combined trading loss of $98,000 in 1987 on turnover of $15m.

Apricot takes 13% of DDT for investment purposes

By Dominique Jackson

Apricot, the Birmingham-based computer company, has acquired 853,333 ordinary shares (13 per cent) of DDT Group, specialist computer service and maintenance company.

Apricot declined to reveal the amount paid last week for the shares, adding that they were purchased for investment purposes.

An Apricot spokesman said the company holds a limited portfolio of computer and related company stocks and makes purchases for investment purposes from time to time.

He said it had not been involved in discussions with DDT, but that it acquired 803,000 shares indirectly from Mr David Hunt, a former director of DDT, through a Birmingham-based stockbroker.

DDT chairman Mr James Crook said Mr Hunt left the company in September 1987 at the same time that DDT embarked upon a series of rationalisation measures, designed to increase efficiency and boost the company's share price.

DDT reported sharply lower pre-tax profits down to £111,000 in the six months to end-September 1987 from £353,000 for the corresponding period in 1986.

Mr Crook said although the company was encouraged by the results of the efficiency drive, these would not be reflected in the current financial year.

He confirmed that DDT had not been in talks with Apricot and added that he interpreted Apricot's move as a hostile one.

"Apricot is a manufacturer with the publicly-stated aim of increasing its share of the maintenance sector and DDT is a maintenance firm with a share price in the doldrums," said Mr Crook. DDT shares rose 5p to close at 67p. At that price the company has a market capitalisation of £4.35m.

Mail order buy for Excalibur

Excalibur Jewellery, the jewellery manufacturer which is being reorganised by the Griffiths brothers, has made another acquisition. The company is buying the manufacturing and mail order interests of Flaitrend.

Total consideration will not be more than £500,000. Mr Mike Griffiths, Excalibur chairman, said "This purchase, together with our Norton acquisition in September 1987, gives us a strong foothold in the mail order market".

Carbide in BP deal

Union Carbide has acquired BP Chemicals International's worldwide hydroxyethyl cellulose business.

Corah issues profit warning as trading recovery evaporates

BY DOMINIQUE JACKSON

Corah, the Leicester-based knitwear manufacturer which supplies Marks and Spencer, said results in the second half of 1987 had not improved as anticipated and year-end figures, due out in early March, would show only a break-even position.

Mr Nicholas Corah, executive chairman, said that despite a strong mid-term order book, retail demand had been lower than expected while production problems in the wake of a strike at its key Ashton factory in June were not yet fully resolved.

Pre-tax profits in the six months to July 3, 1987 fell to £182,000, compared with £906,000, but the company then forecast a recovery in profits for the second half of 1987.

A range of cost-cutting measures recommended in a critical cost review last summer were implemented, but Mr Corah said the full benefit of these would not be felt until 1988 and thereafter.

He expected reductions of approximately £1.5m in overhead costs to be made in the current year.

The company also announced that a new chief executive would be joining the board in early March.

Saint-Gobain agreed bid values TSL at £12.7m

BY ANDREW HILL

Saint-Gobain, a French glass and construction materials company, is to buy **TSL Group**, manufacturer of fused quartz products.

The group yesterday made an agreed bid for TSL at 135p in cash per share, which values the UK company at about £12.7m. Saint-Gobain will also acquire TSL's preference share capital.

Dr Al Roach, TSL's deputy chairman, said "There is a sense of sadness at the loss of independence, but this is an opportunity and a challenge – it's up to us to run with it."

Dr Roach, who will join the strategy committee of Saint-Gobain subsidiary Societe Europeenne des Produits Refractaires, expects TSL to retain its independent character.

TSL will be integrated into Quartz & Silice, manufacturer of pure fused silica for use in the chemical, optical and electronics industries.

Kleinwort Benson Investment Trust, which currently holds 9.6 per cent of TSL's shares, is to accept the recommended offer, and a further 39.7 per cent has been pledged to Quartz & Silice by institutional investors in the company.

The French group increased its offer price from 110p per share on Friday in the face of competition from other major companies, thought to have included Cookson Group, the industrial manufacturer, and Japanese electronics group Toshiba.

Last Thursday TSL announced a recovery to pretax profits for the year to the end of October. Extraordinary debits relating to closure costs in Scotland and the [illegible] led to a loss for the year of £351,000.

TSL shares were suspended at 105p yesterday pending announcement of the deal. The offer price compares with a share price of 88p on Thursday night, before the announcement of an approach.

Saint-Gobain was among the first French companies to be privatised by the new right-wing government in January 1987. The group obtained a share listing in London last July and already owns UK company Stantou, which makes pipeline systems.

Kleinwort Benson is financial adviser to Saint-Gobain and Lloyds Merchant Bank is advisor to TSL.

Tonks looks at Evered in Henderson Bid

BY NIKKI TAIT

Newman Tonks, the Midlands-based door controls and building supplies company which announced a recommended bid for doors group Henderson on Friday, yesterday confirmed that it picked up 510,000 shares in its target – 2.3 per cent – at the end of last week. In addition, Henderson directors have given irrevocable undertakings to accept in respect of their combined 0.3 per cent holding, and shareholders speaking for 18.2 per cent have indicated their present intention to accept the offer.

However, just under 24 per cent of Henderson's shares are held by Evered, the acquisitive industrial holdings group, which is currently considering its position.

DIVIDENDS ANNOUNCED

Cont Assets ....fin	0.1	-	1	0.1	1
Goodhead Print § ....int	1.5†	Apr 7	1.25	-	3.75
Printech § ....fin	0.57♣	April	-	-	-

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ♣Unquoted stock. ♥Third market. ♣Irish currency.

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&
Sketchley Finance Limited

£75,000,000
Multiple-Option Facility

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National Westminster Bank PLC

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Credit Suisse · The Sanwa Bank, Limited · Société Générale
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Legal Adviser to National Westminster Bank PLC
Allen & Overy

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International Westminster Bank PLC

February 1988

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UK COMPANY NEWS

BAT offers to discuss Farmers Group bid terms

BY DAVID LASCELLES

BAT Industries is prepared to discuss "all terms" of its $4.2bn (£2.4bn) bid for Farmers group, the California-based insurance company. Farmers has rejected the bid, which was announced last month, as inadequate and not in its shareholders' interests.

Mr Pat Sheehy, BAT's chairman, said in a circular to shareholders yesterday that his company's US subsidiary, BATUS, had written to Farmers "expressing disappointment at the response and urging Farmers to reconsider its positioo so that the two sides can meet."

In a further comment, apparently indicating BAT's willingness to improve its $60 a share cash offer, Mr Sheehy added: "BATUS emphasised that it was prepared to discuss all terms of the proposal."

There was no immediate response last night from Farmers representatives in London.

The circular outlines the effect of the acquisition on BAT's financial position. In a pro forma balance sheet, BAT shows its net debt rising as a percentage of net assets from 26 per cent at the end of 1986 to 76 per cent if the deal goes through now.

However, it adds that this calculation does not take into account the write off of goodwill from the Farmers acquisition, the sharp decline in BAT's net debt last year (from £1.2bn to £427m) and the increase in reserves and net assets.

Altogether, Mr Sheehy says, the acquisitioo would be unlikely to raise BAT's net debt/equity ratio beyond 70 per cent, even if it went through now. The ratio would also reduce rapidly thanks to BAT's strong cash flow. However, Mr Sheehy said completion was unlikely to take place before the second half of this year.

Last week BAT put together a $3.2bn revolving credit facility through J.P. Morgan, the US commercial bank, to finance the acquisition.

BAT shareholders are being asked to approve the deal at a meeting on February 24.

Damages for UCL offshoot confirmed

By Fiona Thompson

Universal Computer (Systems), a non-trading subsidiary of UCL Group, USM-listed computerware company, has received $2.06m (£1.18m) damages from the US Datamedia Corporation, after three appeal court judges unanimously upheld an earlier judgement by a Federal US District Court in New Jersey.

Universal had alleged that Datamedia, by signing a world-wide volume agreement with ICL, the UK's largest computer manufacturer, had broken the terms of its dealer agreement by which Universal was granted an exclusive right to sell in the UK and Ireland certain Datamedia products using the Pick operating system.

The jury found that Datamedia had been in breach of its duty of good faith and fair dealing, had made false statements to Universal, and had acted with malice and with willful and reckless disregard for Universal's rights.

AGB buys half of ad monitoring service

BY ANDREW HILL

AGB Research, the UK's largest market research company, has acquired half of Advertising Research Services, media and advertising expenditure service, for an initial consideration of £1.7m.

Further payments up to a maximum of £200,000 may be made, based on ARS's performance in the 1987/8 financial year.

ARS monitors expenditure on television commercials and the content of TV advertising.

The initial consideration will be funded by the issue of 739,567 AGB shares worth £1.4m with the balance in cash.

AGB has the option to acquire the outstanding half of the company which is held by two ARS directors.

Mr Peter Tyrer, AGB finance director, said that the purchase would be a valuable infill addition to the company's UK operations.

Garton Eng £0.4m buy

Garton Engineering has agreed to acquire the capital of Kinnings of Southport, manufacturer of coldformed volume components. The consideratioo is £400,000 (subject to adjustment), of which £40,000 may be satisfied by the allotment of Garton ordinary shares. A total of £200,000 will be paid on completion and the balance in stages by reference to Kinnings' profits for 1987 and 1988. Kinnings' net asset value was estimated to be £300,000 at December 31 1987.

Grand Central Inv

Grand Central Investment Holdings, has acquired 60 per cent of Heng's Food and Beverage Industries, Singapore-based food manufacturing company, for S$420,000 (£120,000) cash.

Move to unseat Bremner directors

By Philip Coggan

MR DENNIS MCGUINNESS, chairman of Bremner, Scottish fioancial services gronp, has called for the removal of three directors at an extraordinary general meeting on February 24.

Io fact, the Bremner board claims that the three men, Mr Eric Pearce, Mr John White and Mr Chris Adams, are oot validly appointed directors. They were hrooght on to the board by Mr James Rowland-Jones, the former Bremner chairman, shortly before he was defeated in a vote by shareholders in January.

Bnt on January 20 the Bremner board obtained an interim interdict preventing the three meo from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

At the EGM Bremner shareholders will also he asked to vote on a motion, removing Mr McGuinoess and two others from office and replacing them with Mr Rowland-Jones and two former Bremner directors.

Dixons preference stake in Wigfalls up

Dixons, the high street retailer which is offering £16m cash for Sheffield-based Wigfalls, yesterday announced it has acquired a further 15,400 coovertihle prefereoce shares, taking its total holding to 1.41m ordinary and 1.44m convertible preference – 36.5 per cent of the votes. Dixons is bidding in the face of a rival paper-only approach from Bennett & Fountain.

Consolidated Tern optimistic despite £3.76m deficit

BY DAVID WALLER

Consolidated Tern Investmeots, USM-quoted property and construction company which in December bought two estate agents for £9.3m, yesterday announced that it made a pre-tax loss of £3.76m in the year to September 30.

The result bettered the prediction of Mr James Butterfield, chairman, who wrote to shareholders last November warning them to expect a loss of £4m. His optimistic statement yesterday on the company's current trading conditions prevented the shares from falling more than 1p to 47p in a declining market.

Control of the company changed hands last summer and the new management team said that the losses were due to provisions made on unprofitable construction contracts. Yesterday, Mr Butterfield said that Tern Southern & Bell – the construction subsidiary – had undergone a major restructuring and would approach break-even in the current year.

Mr Butterfield added that the company's property development activities enjoyed a revitalisation, contributing operating profits of approximately £500,000.

Tern's property services divisioo is now ranked as the 26th largest estate agency in the UK following the acquisition of the Badgers and Windsor Fareham estate agency groups in December. Further acquisitions are planned to take the company into the top 15 by Spring of this year.

Last year's figures were achieved on turnover down from £43.97m to £38.69m; interest payable was £414,000 (£408,000).

Heiton up at I£12,000

Heiton Holdings, Dublin-based steel stockholder, timber importer and building and coal merchant, made a pre-tax profit of I£12,000 (£10,700) in the 6 months to end-October. In the comparable period in 1986, Heiton reported a loss of £43,000.

Turnover iocreased from £14.92m to £16.45m, and resulted in a trading profit of £643,000 (£464,000). Interest charges took less at £293,000 (£302,000), but the trading loss of associate company Consolidated Holdings increased to £300,000 from £180,000.

There was also an exceptional rationalisation deblt of £32,000 relating to a programme aimed at increasing competitiveness.

After a tax credit of £170,000 (£26,000), earnings per share worked through at 0.81p against a loss of 1.18p last time.

Continental Assets falls

Cootineotal Assets Trust reported net asset value of 84.5p at the end of 1987, against 137.4p a year earlier. Net revenue for 1987 was £14,000, against £150,000, for earnings per 75p share of 0.16p, down from 1.25p. The single final payment was cut from 1p to 0.1p.

Directors said they are now looking for ways to take advantage of the slump in share prices. The small companies targetted by the trust were, the directors said, significantly undervalued.

GRANVILLE

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206	0	Ass. Brit. Ind. Ordinary	187	0	8.9	4.8	0.0
207	145	Ass. Brit. Ind. CULS	189	0	10.0	5.3	
41	25	Armitage and Rhodes	27	0	-	-	-
142	40	BBB Design group (USM)	54	0	2.1	3.8	8.6
188	108	Bardon Group	155	0	2.7	1.7	26.5
186	95	Bray Technologies	147	-1	4.7	3.2	11.8
281	130	CCL Group Ordinary	250xd	0	11.5	4.6	6.4
147	99	CCL Group 11% Conv.Pref	130	0	15.1	11.6	
171	130	Carborundum Ordinary	130	-1	5.4	4.1	11.3
104	91	Carborundum 7.5% Pref	101	0	10.7	10.6	
180	87	George Blair	174xd	-2	3.7	2.1	4.5
143	68	Isis Group	68	-1			
104	59	Jackson Group	92xd	0	3.4	3.7	10.2
780	300	Multihouse NV (AmstSE)	335	0	7.5	2.2	13.3
89	35	Record Holdings (SE)	58	0	2.7	4.7	11.7
115	83	Record Hldgs 10% Pref (SE)	112	0	14.1	12.6	
91	50	Robert Jenkins	50	0			2.4
124	30	Scruttons	124sus	0	5.5	4.4	4.9
224	67	Torday & Carlisle	195	0	6.6	3.4	9.5
71	32	Trevian Holdings (USM)	56	-2	2.7	4.9	6.0
131	41	Unilock Holdings (SE)	63	+1	2.8	4.4	11.6
264	115	Walter Alexander	159	-1	5.9	3.7	11.8
220	190	W.S Yeates	230	-1	17.4	7.6	23.0
170	67	West Yorks. Ind. Hosp.(USM)	125	0	5.5	4.4	13.3

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COMPANY NEWS IN BRIEF

AAH Holdings has acquired J C N W Burr, which operates four retail pharmacies in the Nuneaton area, through the issue of 550,000 AAH ordinary shares to the vendors. Net assets are expected to be at least £524,000. AAH plans to add the shops to its 16 franchised pharmacies trading under the Vantage banner.

G&G Kynoch: Annual meeting told that orders to date were ahead of budget and of those received in same period last year. In all, directors viewed current year prospects with cautious optimism.

POLLY PECK: Financial year end has been changed from August to December, making the current period 16 months to end December 1988.

McCARTHY & STONE: Mr J.S. McCarthy, chairman, told annual meeting that accounts for first four mooths showed encouraging trends.

BROMSGROVE has acquired ERI, manufacturer of display components for the domestic appliance and automotive sectors, for some £370,000 in cash. Bromsgrove has specifically purchased ERI's plant and machinery stocks and goodwill with leases on the business premises. ERI's turnover was £1.8m and pre-tax profits were £6,336 for the year ended October 30 1987.

RELIANT MOTOR has reached agreement to sell 20.6 acres of its freehold property in Tamworth, Staffs, for £1.3m cash.

ESTATES DEVELOPMENT listing for 6 per cent cumulative preference shares has been cancelled at the request of the company.

AILSA INVESTMENT TRUST listing has been cancelled at the company's request.

SHARP & LAW – of the 10.29m cumulative redeemable conversion preference shares offered by way of rights, 9.4m have been taken up (91.4 per cent). The shares not taken up have been sold in the market at a small premium.

GENERAL ACCIDENT is acquiring Naylor Hayward, Nottingham-based estate agents with aggregate net assets of about £25,000. Part of the coosideration is being met through the issue of 18,947 ordinary shares.

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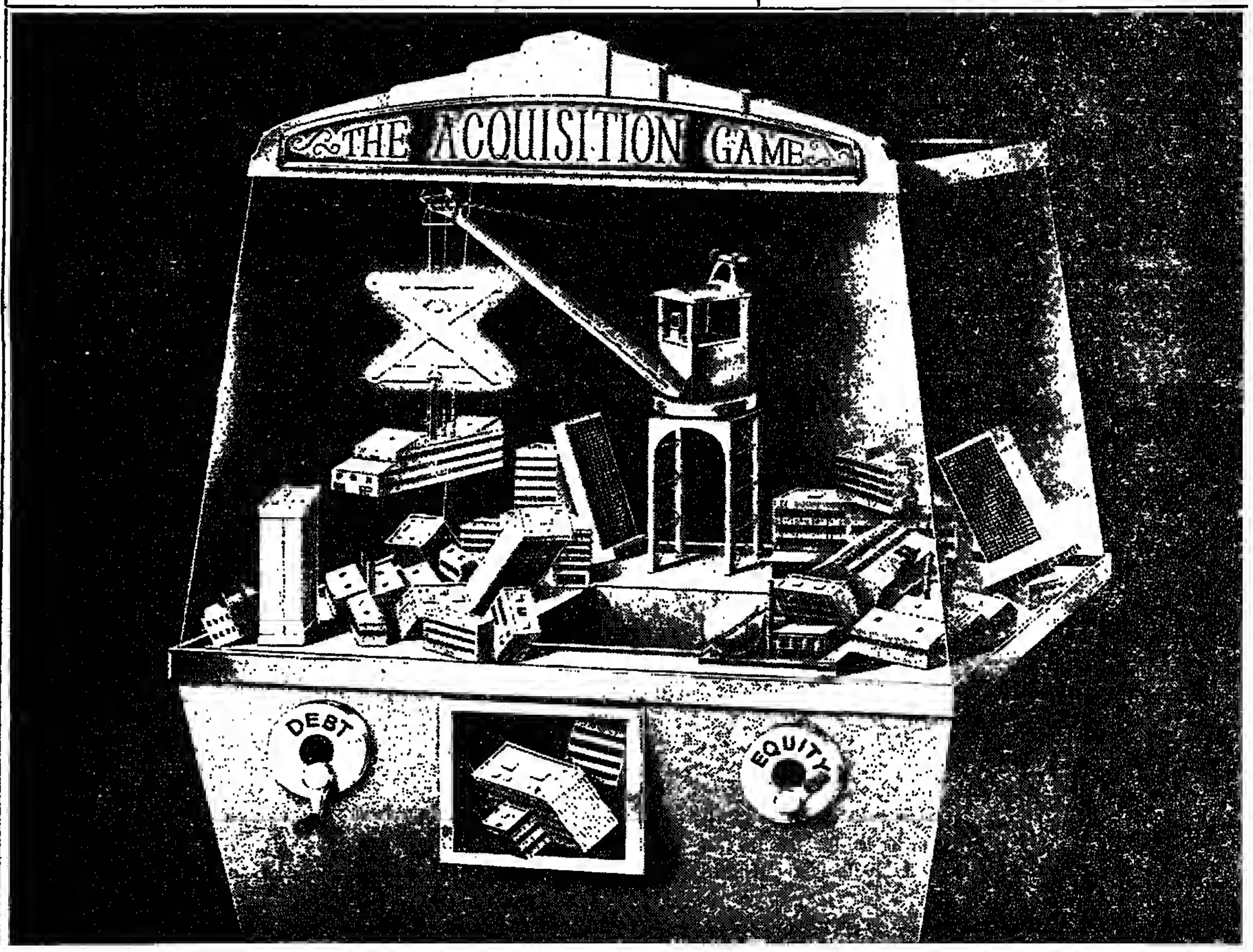

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UK COMPANY NEWS

Company Notices

NOTICE CONCERNING MERGER

Bearer Warrants to subscribe up to ¥15,470,000,000 for shares of the common stock of

MATSUSHITA ELECTRIC TRADING CO., LTD.

In accordance with the provisions of Clause 4 (A) of the Instrument dated 30th March, 1987 pursuant to which Bearer Warrants (the "Warrants") to subscribe up to ¥15,470,000,000 for shares of common stock of Matsushita Electric Trading Co., Ltd. have been issued, notice is hereby given that:

(1) The agreement for merger (the "Merger Agreement") between Matsushita Electric Trading Co., Ltd. ("MET") and Matsushita Electric Industrial Co., Ltd. ("MEI") was approved by the shareholders of MET and MEI at their respective shareholders' meetings held on 5th February, 1988.

(2) Under the Merger Agreement MET will merge into MEI and be dissolved and MEI will assume all of the business, assets and liabilities of MET as surviving corporation.

(3) As a result of the merger the shareholders of MET will be issued one share of common stock of MEI having a par value of ¥50 per share for each MET share held immediately after the effective date of the merger (at present expected to be 30th June, 1988).

(4) Pursuant to the terms of the Merger Agreement the holders of shares of MET on the register of shareholders of MET as of the close of business on 31st March, 1988 will also be paid by MEI immediately after the general meeting of shareholders of MEI (which is expected to be held on 29th June, 1988) an amount of ¥6.25 in cash per share of MET held of record in substitution for MET's dividend for its financial year ending on 31st March, 1988. This amount, however, may be subject to variation upon consultation between MET and MEI depending on the financial condition of MET on 1st April, 1988.

(5) On and after the effective date of the merger, all the obligations of MET under the Warrants will be assumed by MEI as if it were the issuer of the Warrants and the holders of the Warrants will be entitled to subscribe for shares of common stock of MEI having a par value of ¥50 per share by exercising their Warrants.

(6) The Subscription Price applicable to the Warrants will not be adjusted as a result of the merger.

Matsushita Electric Trading Co., Ltd.

Dated: 9th February, 1988

Goodhead Print advances 61% to £1.44m midway

BY PHILIP COGGAN

Goodhead Print, contract printing and free newspaper group, raised interim pre-tax profits by 61 per cent to £1.44m (£892,000) in the six months to November 30 1987.

The figures benefited from the inclusion of £150,000 of profits from the Company Publicity Group, the design concern acquired last August.

Profits from printing grew by around 7 per cent, with the group gaining new contracts, including that for Early Times, the children's newspaper. But the market remained extremely competitive according to Mr Colin Rosser, chairman.

The installation of the new 8 unit Goss Tribune double circumference press continues on schedule and should be operational by April.

Printing contributed 55 per cent of interim profits, and a further 34 per cent came from the publishing division, which now publishes 22 free newspapers. Profits in the division increased from £400,000 to £1m, helped by the improved performance of some newspapers which had been bought from the receiver in 1986.

Operating profit was £1.8m (£1.27m) and after net interest of £359,000 (£376,000) and taxation of £396,000 (£250,000), fully diluted earnings per share rose 19.7 per cent to 7.9p (6.6p). The interim dividend is set at 1.5p (1.25p).

● comment

Goodhead displayed a wise head when it diversified out of contract printing and into free newspapers. Without the move, profits growth would be looking distinctly sluggish; but despite two rights issues in little more than a year, earnings per share have grown 20 per cent. There should be more growth to come in the second half, as the interest benefits of the last rights issue and a full six months contribution from the design group come through to the bottom line. Design is likely to contribute an increasing percentage of profits in the years ahead. Assuming pre-tax profits of £3.2m for the full year, the shares, at 181p, are on a prospective p/e of 11.5; that looks cheap compared with the rest of the market, but given current investor sentiment, there is unlikely to be a stampede of buyers.

Copymore to join unlisted market with £14m value

BY DAVID WALLER

Copymore, an independent distributor of office equipment, is to join the Unlisted Securities Market. At the placing price of 130p a share, it will have a market capitalisation of £14.1m. The flotation was originally planned for October last year but postponed because of the market crash.

Of the 2.4m shares being placed, 845,000 are new shares issued by the company to raise at least £1.05m made at the company. £905,000. The balance is being sold by Mr Claudio Sarno and Mr Jeffrey Godbold, joint managing directors and founders of the company who will retain 77.8 per cent of the shares.

The placing of 22.2 per cent of the enlarged equity by brokers Lawrence Prust is supported by forecast pre-tax profits of £1.3m for 1987, against £610,000 in the six months to June 30 last year. The shares are being placed on a multiple of 15.9 times 1987 earnings.

Founded in 1979, Copymore supplies photocopiers, facsimile machines, electronic typewriters and other office equipment to approximately 7000 customers. Turnover amounted to £8m in 1986 and £5.8m in the first half last year.

A quarter of the company's total sales derive from consumables such as paper and fax; over half of equipment turnover comes from sales of machines other than photocopiers.

First dealings in the new shares are expected on February 16.

Dwek's furniture purchase

BY FIONA THOMPSON

Dwek Group, maker of furniture and leisurewear, vinyl and PVC, and distributor of luggage and handbags, is to buy Balanced Bobbins, a privately-owned furniture manufacturer based in Gloucestershire, for £2.4m.

Balanced Bobbins is a holding company, with two wholly-owned trading subsidiaries – Coln Kitchens and Furniture Details. Coln Kitchens designs and makes kitchen furniture for several of the larger domestic housebuilders with Bovis Homes its dominant customer.

Furniture Details manufactures hotel furniture for a number of operators nationwide, including Ladbroke Group, Swallow Hotels and Devonshire Hotel Group.

The £2.4m consideration is performance-related and will be made up of £240,000 cash with the balance in Dwek convertible redeemable preference shares. Full conversion of these shares would result in the existing ordinary share capital being enlarged by 8.7 per cent.

Dwek will issue the convertible shares to the vendors at £1 each in the following form: 'A' shares to the value of £500,000; 'B' shares to the value of £760,000 and 'C' shares to the value of £900,000. 'A' shares will be convertible at 120p per share and 'B' and 'C' shares at 150p per share. The vendors of Bobbins are to warrant pre-tax profits of not less than £850,000 in the two years to December 31 1988, of which not less than £350,000 should relate to 1987.

The purchase continues Dwek's policy of expanding activities in areas related to its present businesses. Bobbins' products incorporate basic carcasses constructed in a similar way to the flatpack bedroom furniture produced by QA Furniture, a Dwek subsidiary.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interims- Ashstead, Merier Estates.

Finals- L M Ericsson, Griqualand West Diamond Mines, Manchester Ship Canal, Securicor, Security Services.

FUTURE DATES

Interims:	
Bangkok Investments	Feb 23
DPCE Holdings	Feb 26
Elders IXL	Feb 16
Ewart	Feb 15
Isotron	Feb 25
Mainmet	Feb 10
Manganese Bronze	Feb 17
Menzies Moore	Mar 8
Peachey Property	Feb 11
Rodime	Feb 16
TR City Of London Trust	Feb 10
Finals-	
Continental & Industrial Trust	Feb 23
Independent Newspapers	Feb 17
Kleinwort Benson Lonsdale	Apr 8
Scottish Eastern Inv	Feb 22
Willoughby's Consolidated	Feb 10

Printech beats forecast and sees more growth

Printech International revealed taxable profits of I£1.12m (£1m) in the 12 months to December 30 1987, up from £151,000 in 1986 and beating the group's forecast of at least £1.05m made at the time of its USM flotation last November.

Printech, based in Dublin, manufactures technical manuals, principally for US multinationals which operate in the European hardware and software industry.

Mr Jim Flavin, chairman, said that the outlook was promising and that the group was budgeting for significant growth in volumes and profits.

Turnover almost doubled to I£7.58m (£3.98m). After tax of I£22,000 (I£14,000), earnings per 5p share rose to 6.1p against 0.9p last time.

As forecast in the prospectus, a final dividend of 0.555p is proposed.

Lendu and Bertam sell Colly Farms interests

BY ANDREW HILL

Lendu Holdings and Bertam Holdings, rubber and investment companies, have sold their interests in Australian company Colly Farms Cotton to Anglo-American Agriculture (AAA) for A$9.3m (£3.7m).

AAA, which mainly owns Californian fruit plantations, last week won control of Colly Farms Cotton with an offer of A$2.10 a share. This compared with A$1.86 originally offered by Sydney businessman Mr Kerry Packer through his private company Consolidated Press Holdings.

Bertam and Lendu are part of the M P Evans Group, but are listed separately on the London Stock Exchange. Together they held just under 10 per cent of Colly Farms Cotton, Australia's second-largest cotton producer.

SHARE STAKES

Changes in company share stakes announced over the past week included:-

Appletree Holdings – British and Commonwealth Shipping Company now holds 24 per cent of issued capital.

Dwyer & Co. – Mr Desmond Bloom, chairman, has sold 100,000 ordinary shares at 150p each to cover an impending tax liability and now holds 774,264 shares (7.3 per cent).

Goode Durrant – Following the acquisition of 500,000 ordinary shares at 125p each, Devon Associates, controlled by Waring Family Trusts, is now interested in 5.3m shares

Guidehouse Group – Mr David Michaels, chairman, and associated family settlements have sold 75,000 shares at 65p each. Mr Michaels remains interested in 5.94m shares.

Headlam, Sims and Coggins – Mr David Graham, a director, has bought 70,000 shares. Director, and Urban Investments, of which Mr Graham is also a director, has 1.13m shares. The purchase increases the holdings of Mr Graham and associates to 29.34 per cent.

Telfos Holdings – Citibank Corp has sold 500,000 ordinary shares and now has 1.49m ordinary (8.82 per cent).

Eldridge Pope

Mr C J R Pope, chairman of Eldridge, Pope & Co, Dorset-based brewer, told the annual meeting that the company had had a successful first quarter overall, with new pub investments yielding substantial extra profits. Wines sales were up by 24 per cent and J B Reynier recorded outstanding Christmas trade.

Good progress had been made in negotiations to widen the lager portfolio, Mr Pope said. Planning permission had been granted for the proposed new conical fermenters, and the directors hoped to authorise the new bonded warehouse project within the month.

Rothmans Holdings

Rothmans Holdings, 50 per cent-owned Australian associate of Rothmans International, reported pre-tax profits for the six months to the end of December 1987 of A$68.55m (£27.57m), against A$57.06m last time.

Alfred Preedy

The directors of Alfred Preedy & Sons, convenience store and newsagent group, said that they knew of no explanation for the recent rise in the company's share price.

Mr Stephen Preedy, chairman, said various tentative approaches had recently been made to the company, but he did not believe any of these would lead to a bid for Preedy.

"It's a tight market and therefore the price does respond to anyone speculating," he said.

Bank Leumi (UK)

Bank Leumi (UK), the UK subsidiary of Bank Leumi le-Israel BM, announced a rise in net profits – after tax and transfer to inner reserves – from £1.6m to £1.94m for 1987. The retained profit for the year came out at £1.17m, up from £967,000 last time.

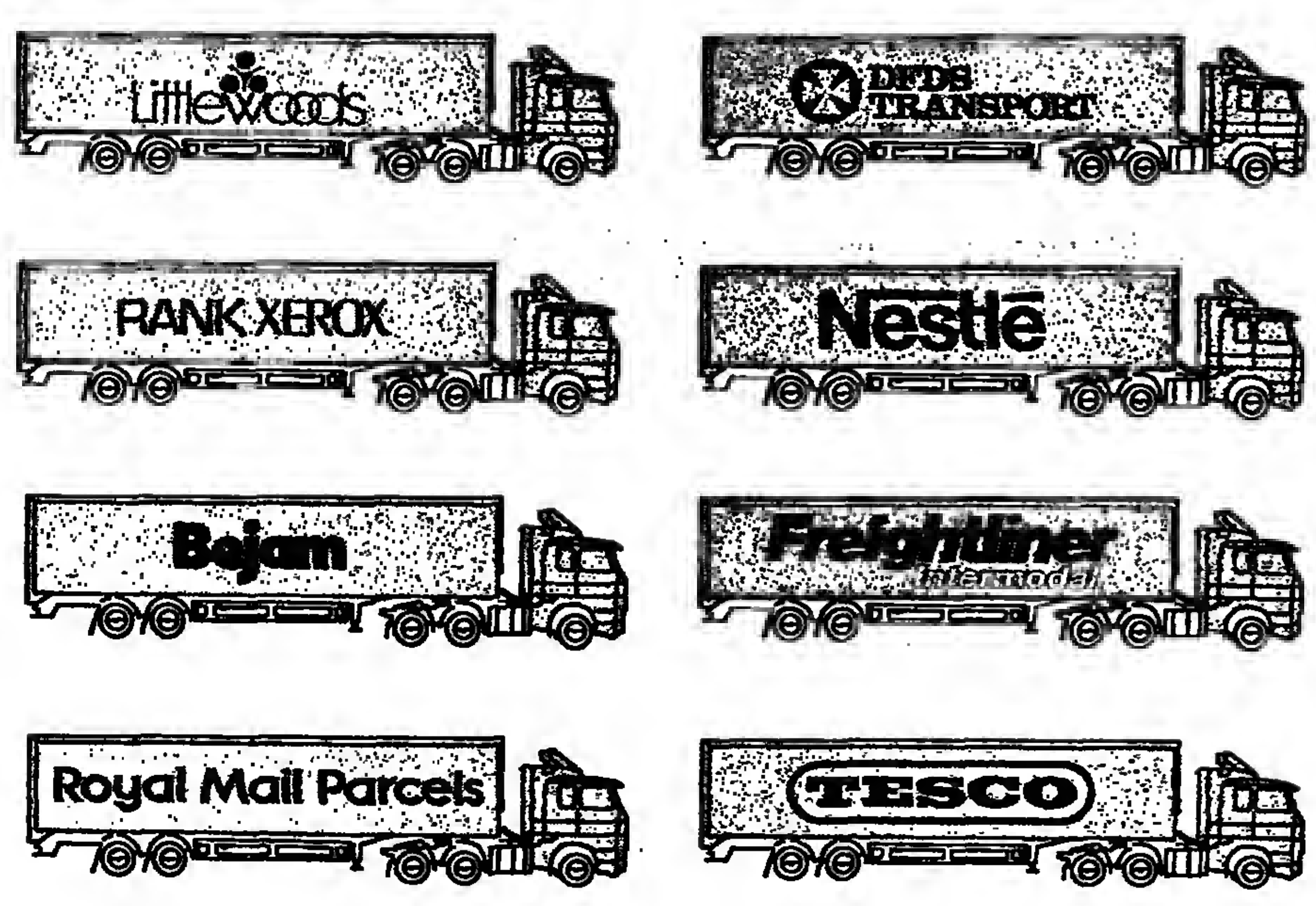
Shareholders' funds and subordinate loans increased from £24.36m to £27.23m while total assets for the bank rose to £458.45m (£411.73m). The directors said that 1987 had been another year of continued growth and increased profits and that all the bank's branches had participated in the improvement.

Hazlewood Foods

Hazlewood Foods, the fast-growing salad-to-shellfish group, has issued further consideration in respect of the acquisition of a 75 per cent stake in Ken Perrett (Evesham). The vendors have been allotted a further 331,000 new shares.

Yelverton

Yelverton Investments, the USM-quoted company, has instructed its brokers to spend up to £1.6m on buying in its 8 per cent convertible unsecured loan-stock 1987.



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FT LAW REPORTS

Creditors' vote is not confidential

HAARHAUS & CO GmbH v LAW DEBENTURE TRUST CORPORATION plc
Queen's Bench Division
(Commercial Court):
Mr Justice Hirst:
January 28 1988

The way in which individuals cast their votes on a poll at a creditors' meeting called by the debtor is not confidential as against him at Common Law; and his agents appointed to record the votes therefore cannot be restrained from giving him the information unless it has some contractually or circumstantially acquired confidential quality.

Mr Justice Hirst so held when refusing an application by Haarhaus & Co GmbH for injunctions to restrain Chase Manhattan Bank from disclosing to the Central Bank of Nigeria the manner in which votes were cast at a creditors' meeting, and to restrain the Central Bank from obtaining such disclosure. Cross-applications by the two banks to strike out Haarhaus's claims that the voting was confidential were granted.

HIS LORDSHIP said that on January 14 1988 a meeting of holders of US dollar promissory notes was held at the Wembley conference centre.

The notes had been issued to uninsured trade creditors of Nigerian importers under a scheme constituted by a trust deed between the Central Bank of Nigeria as issuer, the Federal Republic of Nigeria as guarantor, and the Law Debenture Trust Corporation as trustee.

Notes had been issued for approximately $3.2m. They provided for payment of principal and interest by instalments, culminating in 1990.

During 1987 Central Bank had defaulted on its obligations under the trust deed. The purpose of the meeting was to put before the note-holders proposals for extending the completion date to 2010.

The meeting was convened by the Central Bank. The Chairman, Mr William Park of Linklaters & Paines, was nominated by the Corporation, pursuant to its powers under the trust deed.

Before the meeting was an extraordinary resolution which required a two-thirds majority. There was a two-thirds majority on a show of hands. The chairman then demanded a poll.

The voting slips bore the note-holders' serial numbers. The boxes were opened by Chase Manhattan, appointed by the Central Bank as its agent to count the votes. The vote numbers appearing on the voting cards were entered into a computer, and removed to Chase Manhattan's premises.

The resolution was passed on the poll by the requisite two-thirds majority.

On January 18 1988 Haarhaus issued writs claiming a declaration that the voting was confidential; claiming injunctions against the Corporation, Mr Park and Chase Manhattan, prohibiting disclosure to the Central Bank of the manner in which they were cast; and claiming an injunction against the Central Bank prohibiting it from obtaining such disclosure.

The claim against the Corporation and Mr Park had been discontinued.

Haarhaus issued its writs in a representative capacity, on behalf of all note-holders, alleging there was a risk of damage to them if the information was disclosed.

It was an essential condition of a representative action that the represented and the representor had the same interest and a common grievance, and that the relief sought was of its very nature beneficial to all.

Since the motion was carried by a *two-thirds majority* there must have been a very substantial group of people who had no common interest with Haarhaus. Nor could there be any common grievance, since the fear of discrimination or reprisals, which was at the root of its case for preventing disclosure of "No" votes, could not apply *to those* who voted in the affirmative.

The proceedings could therefore not be continued in a representative capacity.

The first ground on which Haarhaus presented its case was that it was an express or implied term of the trust deed that information as to how individuals voted was confidential.

It submitted that at Common Law the function of a poll was *inter alia* to preserve confidentiality.

Armstrong v Landmark [1967] 1 NSWR 13 showed that those who organised the poll were entitled to know how people voted, and that it was essential so that the validity of votes could be *scrutinised.*

Mr Collins for Haarhaus sought to distinguish between knowledge for the purpose of scrutineering and knowledge for any other purpose.

There was no authority for such a distinction. It was rejected. It was entirely unrealistic in the present case, since there was nothing to stop Central Bank conducting the poll itself with its own officers and computer.

The submission that there was any special requirement of confidentiality for polls at Common Law was rejected.

Nor was there anything in the rules of the trust deed which supported the notion that the poll was to be confidential *vis-à-vis* the Central Bank.

The rules provided that "If...a poll is demanded it shall be taken *in such* manner...as the chairman directs." Those very wide terms were apt to cover a direction from the chairman as to whether or not there should be any special provisions of confidentiality.

The case based on contract failed.

The alternative case was that the *information* was subject to a duty in equity of confidentiality, in view of risk of damage to Haarhaus.

In *Coco v A N Clark [1969] RPC 41, 47*, Mr Justice Megarry said that normally there were three requirements if, apart from contract, a case in breach of confidentiality was to succeed.

First, the information must have the necessary quality of confidence; second, it must have been imparted in circumstances importing an obligation of confidence; third, there must be an unauthorised use of the information to the detriment of the party communicating it.

He said the criterion by which the first two requirements were judged was that "any reasonable man standing in the shoes of the recipient of the information would have realised...the information was...given to him in confidence."

As to the first requirement, Mr Collins submitted it was sensitive information.

Sensitivity was no sound basis for confidentiality. By what criterion was sensitivity to be judged? It would produce uncertainty.

The considerations which led to the ruling against any contractual basis for the claim also told against the quality of confidence.

Further powerful considerations were that at the meeting the chairman ruled that there would be a computerised record of the way in which note-holders voted, and *that* the *record belonged to* Central Bank.

That ruling stripped the information of any potential confidentiality it might otherwise have had.

Also, since Chase Manhattan was Central Bank's agent, it was difficult to see how its own principal was not entitled to the information that it *held.*

Nor was the second requirement satisfied. A reasonable man in Chase Manhattan's shoes could not possibly have thought he was the recipient of confidential information once he heard the chairman's ruling.

The third requirement was that the information would be used to the plaintiff's detriment.

Haarhaus's case was based on the alleged fear of discrimination or reprisals. Its evidence was woefully inadequate.

The court strongly deprecated the making of serious allegations of that kind without any proper evidential support.

The Central Bank did its utmost to set up the meeting with scrupulous fairness. The voting process was impeccable.

There was no cause of action against the defendants. The application for the injunctions failed, and the actions were struck out.

For Haarhaus: Michael Collins (Holman Fenwick & Willan)
For Chase Manhattan: Mark Potter QC (Allen & Overy)
For Central Bank: Hilary Heilbron QC and Anthony Trace (Norton Rose Botterell & Roche)

Rachel Davies
Barrister

This announcement appears as a matter of record only.

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Swiss Cantobank (International)

APPOINTMENTS

Restructured UK operations at Standard Chartered Bank

STANDARD CHARTERED BANK has restructured its UK banking operations. **Mr John Davidson**, general manager, will be in charge of UK corporate banking, and **Mr John Hoddell** remains managing director of Chartered Trust. **Mr Brian Fitzgerald** has been appointed director of international corporate banking, **Mr Robin Christie** is director of personal banking; **Mr Eric Harrison**, head of risk asset management, and **Mr Geoff Williams** head of support services. A director of finance is to be appointed. **Mr Lynn Todd** becomes director of UK corporate banking, **Mr John Burke** is made managing director of Standard Chartered Leasing, and **Mr Alan Michael** and **Mr Nigel Doughty** are appointed directors of corporate banking.

*

Mr Brian Jones has been appointed deputy chairman, and **Mr Michael Gibson** chief executive at KEYWEST FINANCIAL HOLDINGS.

*

STRAUSS TURNBULL & COMPANY has appointed **Mr Peter Hogarth** as operations director from April 1, when he will also join the executive committee. He is a general practise partner with Peat Marwick McLintock.

*

THE ELECTROLUX GROUP in the UK has appointed **Mr Mike Regan** as personnel director. He was personnel director of Thorn EMI major domestic appliances which was acquired by Electrolux last year.

*

Mr Campbell Dunford has been appointed general manager of MOSCOW NARODNY BANK, London, from February 29. He is trade finance director with Midland Bank.

*

Mr Tim Crammond has been appointed managing director of Barclays de Zoete Wedd's Australian stockbrokers, BZW MEARES. He joined the company, then Meares & Philips, in 1984 and has been the director responsible for the equities division. **Mr Brian France** will remain executive chairman.

*

ROBSON RHODES has appointed **Mr Bill McKenzie** as a senior tax consultant, London. He was a tax partner with Price Waterhouse.

*

RUSH & TOMPKINS has appointed **Mr Neil Tunningley** as a local director of the Northern and North Midlands regional offices, and of the national projects division. He was regional accountant.

*

Mr Mike Kelly has been appointed a director of RENDEL PALMER & TRITTON (WALES), a High-Point Rendel company. He is a project director with the Department of Transport.

*

THE NEW ZEALAND MEAT PRODUCERS' BOARD, London, has restructured its management. **Mr Ian Singleton** is now Middle East and Africa director, **Mr David Wright** continental Europe director, and **Mr John Mabb** UK market services director.

Mr Mark Brown has been appointed a director of ANDREW DERRICK PUBLIC RELATIONS.

*

THE BURTON GROUP has appointed **Mr John Hoerner** as chairman of Harvey Nichols following the retirement of **Mr Eddy Rayne**. This appointment is in addition to Mr Hoerner's responsibilities as chairman of Debenhams. Mr Hoerner and **Mr Roy Booth**, chief executive of Harvey Nichols, will work together on the redevelopment of the business until a new managing director is appointed, who will report to Mr Hoerner. Mr Booth will continue to have day-to-day responsibilities for the management of Harvey Nichols during this period, in addition to his responsibilities for Evans, and Principles for Women. **Mr Brian Moody**, a director of Debenhams, has been appointed managing director of Top Man, Champion, and Radius Stores. **Mr Peter Ridsdale** becomes managing director designate for Top Man.

*

FTC HOLDINGS has appointed **Mr Nicky Branch** and **Mr Tim Inglefield** as non-executive directors to represent its new institutional investors. Mr Branch is managing director of J.S. Gadd & Co. and Mr Inglefield is a director of Lloyds Merchant Bank and deputy managing director of Lloyds Development Capital.

*

Dr Caroline Jackson, MEP for Wiltshire, has been appointed a non-executive director of PEUGEOT TALBOT MOTOR COMPANY.

CONTRACTS

Improvements for three Marks & Spencer stores

Three contracts have been awarded to BOVIS CONSTRUCTION to manage major enlargements and improvements, totalling £12.5m, at Marks & Spencer stores in Norwich, Fareham and London's Oxford Street.

In Norwich, Bovis will fit out a former Woolworth's store to provide 42,000 square feet of extra sales space at ground, first and second floor levels, adjoining Marks & Spencer's existing store.

New offices will be provided on the third floor and second floor staff quarters will be extended, together with the installation of new lifts and escalators. A further 3,800 square feet of stockroom space, including a new cold store, will be fitted out in a separate building and the work is due for completion in November.

The Fareham contract involves the conversion of a first floor stockroom to a new sales floor of 13,000 square feet, equipped with new escalators and stairs. On the ground floor the existing sales area will be modernised and extended to enlarge the food retailing area. Building work will begin in February and finish in June.

In Oxford Street a new second floor of 12,000 square feet is to be added to the pantheon store, together with new escalators and stairs, providing a significant increase in the retailing area.

Extensive roof ductwork will be re-sited in the new ceiling void and the 10 month contract will be completed in October.

Housing refurbishment

BULLOCK CONSTRUCTION has been awarded almost £7m worth of refurbishment contracts. The contracts secured are for: Stafford Borough Council - recladding and repairs to two blocks of flats, value £843,000; Slough Borough Council - roof truss repairs and re-roofing to 133 houses at Chalvey, where the 32-week contract is valued at £486,000; Leicester City Council - environmental works at the St Matthews area of the city valued at £121,000.

The Property Services Agency, south east region - has awarded a contract value over £2m for major rebuilding works at Queen Elizabeth Barracks, Guildford, where work will commence on the 65-week contract soon.

Another order from the Property Services Agency, this time in the eastern region, is for a 56-week contract to modernise 150 married quarters at RAF Wittering, valued at £2.7m, which will commence mid-February.

For Coventry City Council - a further phase of housing modernisation at Stoke Heath, valued at £318,000, is scheduled for completion in October; while for Wrexham Maelor Borough Council - work has started on a £170,000 contract to replace front and back doors and install central heating to 101 homes. This contract is due for completion in 17 weeks.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re TEXACO INC., TEXACO CAPITAL INC., TEXACO CAPITAL N.V., Debtors.	Jointly Administered Chapter 11 Case Nos. 87 B 20142 (HS) 87 B 20143 (HS) 87 B 20144 (HS)

NOTICE TO CREDITORS AND EQUITY SECURITY HOLDERS
(A) CONCERNING VOTING ON JOINT PLAN OF REORGANIZATION AND
(B) FIXING DATE, TIME AND PLACE FOR HEARING
ON CONFIRMATION OF JOINT PLAN OF REORGANIZATION

TO ALL CREDITORS, INDENTURE TRUSTEES, FISCAL AGENTS, EQUITY SECURITY HOLDERS AND PARTIES IN INTEREST:

NOTICE IS HEREBY GIVEN that:

1. On January 29, 1988, the United States Bankruptcy Court for the Southern District of New York (the "Court") entered an order (the "Order") approving the second amended disclosure statement (the "Disclosure Statement") in respect of the Second Amended Joint Plan of Reorganization (the "Plan") filed by Texaco Inc. ("Texaco"), Texaco Capital Inc., Texaco Capital N.V. (collectively, the "Debtors") and Pennzoil Company. Pursuant to the Order, copies of the Plan and Disclosure Statement will be mailed to all known creditors of the Debtors and equity security holders of Texaco no later than February 22, 1988. Ballots for voting to accept or reject the Plan will also be mailed to Texaco's equity security holders. If you were a Texaco equity security holder of record on January 29, 1988 and have not received the necessary documents by February 24, 1988, you may obtain the Plan, the Disclosure Statement and a ballot for voting on the Plan by telephoning Texaco at:
(914) 253-6045

2. Pursuant to the Order, only votes received by the Debtors, c/o Corporation Trust Company, Ballot Agent, Texaco Inc., P.O. Box 1763, White Plains, New York 10602-9903 prior to 5:00 P.M. Eastern Standard Time on March 21, 1988 will be counted.

3. The Court has fixed March 22, 1988 at 10:00 A.M. as the date and time for the hearing on confirmation of the Plan (the "Confirmation Hearing"). Creditors and equity security holders may, but are not required to, attend the Confirmation Hearing. The Confirmation Hearing will be held in Courtroom 25, United States Courthouse, 101 East Post Road, White Plains, New York 10601 and may be adjourned from time to time without further notice except for an announcement made at the Confirmation Hearing.

4. Objections, if any, to confirmation of the Plan must be in writing and must (a) state the name and address of the objector and the amount of its claim or the nature of its interest in the Debtors' chapter 11 cases; (b) specify the basis and nature of the objection; and (c) be filed with the Clerk of the Court in Room 10 at the address in paragraph "3" hereof, together with proof of service, and served on the following persons so as to be received by them no later than March 15, 1988:

(i) Weil, Gotshal & Manges
Attorneys for the Debtors
767 Fifth Avenue
New York, New York 10153
Attention: Harvey R. Miller, Esq.

(ii) Baker & Botts
Levin & Weintraub & Crames
Stutman, Treister & Glatt, P.C.
Attorneys for Pennzoil Company
885 Third Avenue
New York, New York 10022-4802
Attention: David A. Burns, Esq.

(iii) Keck, Mahin & Cate
Attorneys for the Committee of Equity Security Holders
8300 Sears Tower
233 South Wacker Drive
Chicago, Illinois 60606-6589
Attention: Dennis M. O'Dea, Esq.

(iv) Kramer, Levin, Nessen, Kamin & Frankel
Attorneys for the General Committee of Unsecured Creditors
919 Third Avenue
New York, New York 10022
Attention: Joel B. Zweibel, Esq.

(v) Office of the United States Trustee
Southern District of New York
United States Custom House
One Bowling Green — Room 534
New York, New York 10004-1408
Attention: Harold D. Jones, Esq.

(vi) Securities and Exchange Commission
26 Federal Plaza
New York, New York 10278
Attention: Nathan Fuchs, Esq.

Dated: White Plains, New York
January 29, 1988

BY ORDER OF THE COURT

/s/ Howard Schwartzberg
United States Bankruptcy Judge

WEIL, GOTSHAL & MANGES
Attorneys for the Debtors
767 Fifth Avenue
New York, New York 10153
(212) 310-8000

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COMMODITIES AND AGRICULTURE

Ministry defends Chernobyl response

By David Blackwell

THE UK Government has rebutted the sharply critical report by the Country Landowners' Association on the handling of the aftermath of the Chernobyl nuclear accident.

"There is no evidence to justify the CLA assertion that restrictions on sheep affected by the Chernobyl fallout may remain in place for 30 years," said Baroness Trumpington, junior Agriculture Minister, in a written Parliamentary reply yesterday.

In all lowland areas of the UK levels of radioactivity had already dropped substantially, she said. In upland areas, the Ministry was undertaking a major research programme to enable it to make at the earliest opportunity more precise predictions of the long-term behaviour of the radioactive caesium.

"The claim in CLA report that soil erosion is the only means of reducing the caesium content of soil rests on a study carried out on alluvial silt loam soil in the US," said Baroness Trumpington. "The conditions there are not relevant to the problems encountered with our upland peaty soils."

The CLA report, compiled by a group of the association's branches in North Wales, last month accused the Government of incompetence, evasion and unnecessary secrecy.

Farmers had lost faith in the Ministry's findings, it said. Farmers were not consulted nor was their involvement sought in ministry trials, which were cloaked in secrecy.

But Baroness Trumpington yesterday said the government agricultural departments had made every effort to see that the public generally and farmers in particular had been kept fully informed of the situation as it developed.

"The Government has done and will continue to do everything possible to give information on all aspects of action taken following the Chernobyl accident and to publicise the substantial programme of post-Chernobyl research and development work by means of meeting with the farmers' unions, the CLA, and by giving detailed information to the press and media, including information on key field and laboratory studies."

Further gains for freight futures

THE BALTIC International Freight futures market had another active day yesterday, with fresh records being achieved, writes our Commodities staff.

The prompt April position reached 1,580 points (representing $10 each) before profit-taking trimmed it back to 1,573 at the close, up 13 points on the day.

Bridget Bloom outlines the problems confronting today's AGM

NFU faces up to political change

IT USED to be said that the Church of England was the Tory party at prayer but that description, according to Sir Geoffrey Howe, the Foreign Secretary, "can now more accurately be applied to the National Farmers' Union."

Sir Geoffrey, who was speaking at a recent Brussels press conference following one of several inconclusive meetings designed to reform the European Community's expensive farm policies, was trying to explain how, contrary to much recently perceived wisdom, Britain's farmers were of great importance to the present Government.

There was, presumably, an element of jest in his assertion. For although the NFU is probably closer to the Tory party than to any other, it is considerably less close than it was.

At last year's annual general meeting, farmers threatened a vote of no confidence in the (then) Minister of Agriculture, Mr Michael Jopling. Shortly afterwards, the Prime Minister, Mrs Thatcher, exchanged unprecedently acrimonious letters with NFU president, Mr Simon Gourlay, over whether the Government cared at all for farmers interests.

No one is suggesting that this year's AGM, which opens today will be quite as tempestuous, but farmers' grievances with government policies seem certain to get a very vocal airing.

The farmers' problems are of two kinds. First, they have been doing markedly less well in recent years, partly because of tentative reforms within the European Community's common agricultural policy and partly because of poor harvests. They also face a particularly uncertain future due to the failure of EC governments to agree on the far-reaching reforms they have been discussing for so long.

Second, however, farmers are having to come to terms with their diminishing domestic political influence. With Britain in the EC the Minister of Agriculture and the president of the NFU between them can no longer effectively decide British farm policy. Now – as the past few months have shown – Britain is often in a minority of one on farm issues in Brussels, while the NFU rarely agrees fully with the Government's line there.

Additionally, farmers today must cope with the effects of their declining economic significance – agriculture accounts for only 1.8 per cent of GDP compared with nearer 5 per cent in the early 1960s – as well as with a rather more hostile public opinion, now more inclined to see them as having grown fat on subsidies and, often, as poor conservers of the countryside.

These changes have left many farmers uncertain and confused and often critical of the Government. At the grassroots, they frequently fail to appreciate the relative impotence of both "their" Ministry and their union.

The resultant frustration is evident in the many resolutions for today's AGM, which are again critical of the Government for not taking due care of farmers' interests. Mr Gourlay, who took over as NFU President two years ago, acknowledges that the changes in farming's place in the body politic, have affected the union itself and made his own job much more complex.

The NFU is trying to cut costs and increase efficiency for the first time since Britain joined the Community 15 years ago. It is faced with a deficit of nearly £500,000 on annual spending of £11m. Staff have been made redundant both in the gloomy, if rather grand, headquarters of Agriculture House in Knightsbridge and in the county branches, while unwieldy elected committees and the governing Council have been slimmed.

Mr Gourlay claims that the decline in membership – from nearly 140,000 in 1973 to about 108,000 today – has been arrested, although others believe that farmers will be increasingly tempted into specialist bodies (for example for pig producers) and away from the multi-purpose NFU.

He insists, however, that the NFU still is, and must remain, the political voice of farming as a whole, particularly since he believes it is increasingly important for farmers to have a well-researched view of the longer-term implications of many of the policies being decided in Brussels.

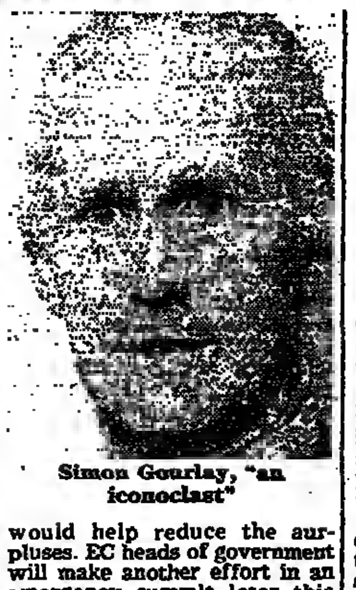
Mr Gourlay and the rest of the union's leadership recognise the need for reforms in the EC's high-spending farm policies, but are deeply concerned that Britain's farmers should be fairly treated within the community. He points to three linked elements of NFU policy.

First, there should be a reversal of the current trend of declining farm incomes. Instead of government figures which show a current decline in aggregate farm income of only some 1.5 per cent, Mr Gourlay believes that another measurement – also included in the recent UK Agriculture White Paper – is more relevant. This shows net farm income per farm in cash terms as having fallen 24 per cent between the base year of 1982-3 and 1986-87 and projects a further fall of 16 per cent for the current year.

Mr Gourlay thinks part of the answer to the fall in incomes would be a devaluation of the "green pound" rate (the artificial rate at which EC farm prices are translated into sterling): much will be heard of this at the AGM. But linked to this is the need to reduce and rationalise spending on the CAP within the Community, which in turn involves limiting farm production and the growth of surpluses.

Mr Gourlay accepts that the Ecu 27bn (£18bn) which goes to finance the CAP is too high a proportion of the total EC budget of some Ecu 41bn. But he gets very cross at the widespread assumption that farmers get the whole sum. "Two thirds of that £18bn finances storage and exports of surpluses," he notes, "this benefits storekeepers and third country consumers, not the farmers."

The EC is currently bogged down over proposals which would help reduce the surpluses. EC heads of government will make another effort in an emergency summit later this week to break the stalemate, which has centred on Britain insisting on cereal price reductions and West Germany resisting them.



Simon Gourlay, "an iconoclast"

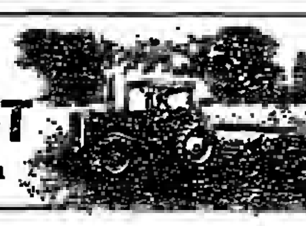
The highly complex issue still seems far from resolution. But on one aspect of it the NFU goes further even than the British government by insisting that, alongside price reductions, should go a compulsory scheme to make farmers take land out of cereal production.

Mr Gourlay describes himself as something of an iconoclast. He – and maybe British farmers, too – are lucky that in Mr John MacGregor, the new Minister of Agriculture , they have someone equally ready to consider (if not necessarily adopt) new ideas.

This may help, when Mr MacGregor in his turn addresses the farmers today, to prevent a recurrence of the sort of clash witnessed last year – even if it will not bring the NFU firmly back to the Tory fold.

Still no guidance on what to grow

FARMER'S VIEWPOINT



By John Cherrington

AROUND Christmas I wrote a rather smug column saying just how well the mild season was suiting my farming - but I spoke too soon. Since then it seems to have rained every day and although the crops and the grass are still a good colour I am told that the wheat in particular is not at all well rooted. As soon as there is a frost the roots will be broken.

A number of readers have quite properly taken me to task for my over-sanguine view, for which I stand chastened. It is a funny thing though, that when I have praised or abused the climate in print it has almost always changed to the opposite.

My ewes have been wintering well, however. There has been plenty of grass and the silage has been excellent. It has had to be fed outside but does not spoil when wet as quickly as hay. I was offered some of it as a side salad and almost ate it. I feel rather proud about it as it was an innovation of my own and made under my guidance with the help of an excellent contractor.

The big black bales in which it is kept are hardly the most beautiful additions to the countryside but the whole system works well. I am looking forward to next year's fodder conservation for the first time and will probably get rid of my hay-making tackle.

We usually colour the rams so that they mark the ewes during covering, giving us an indication of when the lambs will be born.

This year, however, the human factor intervened. An old ram broke its leg last autumn and the shepherd's wife plastered it up rather than see it go to be killed. It ran with a bunch of cull ewes and sure enough one of these produced twins without any shelter on the morning of February 1. Only one survived.

Re-examination of that little flock confirmed our fears. Their lambs are coming five weeks earlier than planned and we are still making room in the buildings where the sheep will be replacing the last of the pigs and the wheat which has still to go.

Like all farmers I am in doubt as to what to grow for next harvest. We have had no guidance at all from above, or anywhere else. No prices are fixed and the operation of the EC's budget "stabilisers" will depend on the harvest guestimates for 1988, which will be starting soon, and will not be finalised until summer 1989.

So, in common with most farmers, I will be opting for the mixture as before – milling wheat, malting barley, milling oats, peas and beans and grass for the sheep. Prices for all but the oats are dependent on the Common Agricultural Policy, so I will be aiming for maximum yields.

There is no possibility of inducing farmers to grow bad crops deliberately. It goes right against their training for a start and the results would be far from consistent. It is from this point of view that a compulsory quota system has its attractions. It would be very frustrating to be stuck in a quota situation and suddenly find that those who were not were called upon to fill a shortfall.

To be successful a quota system does need a balancing supply to even out deliveries.

Until Britain joined the EC it relied on the world market, including the EC six, to provide this balance. I still believe the cheap food policy run by the UK after the war was one of the best of those sort of arrangements. It was also a major factor in Britain's accession because existing members of the community reckoned we were always going to be in food deficit.

Had they thought that Britain was soon to become an exporter I doubt that they would have welcomed it in so readily.

British farmers also made a fundamental mistake when they assumed that because of the small size of most European farms they were necessarily inefficient. British farms did have some of the advantages of scale but they did not add up to much compared with the political power of the small farmer lobby on the continent. The manifest injustices of the green currency system are fully recognised by UK Ministers, but they have to take account, as they are fond of saying, of the interests of our fellow members – a wonderful excuse for any politician

It is against this background that the National Farmers' Union is meeting in London this week. Long gone are the days when the late Lord Netherthorpe, its long time president, could almost demand entry to the Cabinet room, or when farmers could shout down the Minister of Agriculture until he became redundant at the next election. In any case, Mr John MacGregor, the current Minister, does not seem to carry much weight among farmers. They tend to regard him as the instrument of a Thatcherite squeeze and are expecting the worst.

Nor are farmers as united behind the union as they should be. As always in times of stress, they are breaking into splinter groups to promote special interests. Tenant farmers have their own outside body because they find that the union committee has to take too much account of landlord members. Pig farmers feel that cereal growers are too much considered and so they want their own special committee, and so on.

To make matters worse the union has been running out of cash and making some very strict economies.

Aluminium scrap 'increasingly important'

BY KENNETH GOODING, MINING CORRESPONDENT

ONE OF the major developments in the aluminium industry during the past ten years has been the increase in the importance of scrap recovery, says Shearson Lehman Brothers' London Metals Research Unit, in its latest review.

"We believe that the volume of scrap recovered will rise and that an increasing proportion of semis (semi-fabricated) production will be made from secondary metal," the review states.

It points out that in the 10 years to 1986, while consumption of primary aluminium (raw metal from the smelter) rose at an average annual rate of 1.4 per cent, consumption of secondary metal in the non-socialist world rose by 5.2 per cent a year.

Secondary metal increased its share of total consumption from 21 per cent to more than 27 per cent so that in 1986 some 4.8m tonnes was used.

Shearson believes this is a good thing for the industry. "The cost savings offered by secondary metal makes some semis products – cansheet and castings – much more competitive than they would otherwise be. It is highly unlikely that the aluminium beverage can would have achieved the success it enjoys in the US if not for the existence of the huge recycling programmes. It is a factor which is likely to prove critical to the success of the beverage can in other markets."

On the broader issues, the review says that the industry was taken unawares by the strong increase in demand for aluminium last year, up 5 per cent after only showing a 2 per cent rise in the previous two years.

As a result, both consumption, up from 12.8m tonnes in 1986 to 13.4m tonnes, and production, up from 12.2m tonnes to 12.9m tonnes, set records last year.

Stocks fell from 2.461m at the end of 1985 to 1.589m in December last year and this helped the price to nearly double in 1987 from 52 cents a lb in January to 95 cents.

Shearson believes demand will remain high but unchanged at 13.45m tonnes this year and drop back to 13.18m tonnes in 1989. Outupt is forecast to increase to 13.52m tonnes this year and 13.65m tonnes in 1989, thus producing surpluses of 260,000 tonnes and 570,000 tonnes this year and next respectively. But there will be no marked surplus until the second half of 1988.

The review's "best estimate" is that this should see the aluminium price average 83 cents a lb this year, compared with an average of 73 cents in 1986, before it falls back to 65-70 cents in 1989.

It suggests the primary industry is operating at about 93 per cent of capacity at present – very near the effective ceiling – and the high prices are necessary to persuade the marginal producer to operate. Planned closures in Europe will be deferred.

"Annual review of the world aluminium industry: 1988" from Shearson Lehman, 1 Broadgate, London EC2M 7HA. £150 or $300.

LME WAREHOUSE STOCKS (Change during week ended last Friday) tonnes		
Aluminium standard	-2,300	to 21,425
Aluminium high grade	+475	to 30,625
Copper	+3,350	to 40,825
Lead	+1,000	to 15,100
Nickel	+12	to 2,850
Zinc	+1,300	to 43,550
Tin	-60	to 19,210
Silver (oz).	+40,000	to 19,400,000

China's grain imports double to record level

CHINA'S 1987 grain imports were a record 15.996m tonnes, up from 7.73m in 1986 and the previous record of 15.573m in 1982, customs figures show, Reports Reuter from Peking.

The official China Economic News said the figures showed that sugar imports rose to 1.88m tonnes from 1.182m, while natural rubber imports were nearly 139,000 tonnes up at .350,002 tonnes and wool imports virtually unchanged at 152,504 tonnes.

Imports of edible vegetable oil rose to 521,015 tonnes from 197,980 and of other vegetable oil to 328,283 from 272,164.

The figures show 1987 exports of grain at 7.37m tonnes, down from 9.42m.

Cotton imports totalled 754,576 tonnes, up from 558,089, and raw silk imports were 9,242 tonnes, down from 9,394.

Imports of chemical fertiliser were put at 8.916m tonnes, up from 5.1m, and of logs at 5.86m cubic metres, down from 7.15m.

China's 1987 imports of copper and alloy fell to 75,490 tonnes from 171,118 in 1986, the customs figures showed.

They put imports of aluminium and alloy fell at 148,132 tonnes down from 266,241. No more details were given.

● The country's output of iron ore will reach 270m tonnes by the year 2000, up from 157m last year, according to China Daily.

It said imports of iron ore would reach 30m tonnes in that year, compared with 10.57m in 1987 and 13.72m in 1986.

WORLD COMMODITIES PRICES

LONDON MARKETS

COFFEE PRICES settled at the day's highs, with three-month robusta adding £9 a tonne to close at £1,269 – the highest closing level since November 20 – following Friday's £26 rise. Continued strong demand for arabicas and the rise in New York futures sparked buying, with a firm dollar lending support, dealers said. Although demand for robustas remained slack, roasters may switch to this cheaper varieties soon if the premium for arabicas continues to rise. Cocoa prices failed to hold early gains, with the purchase of a further 3,000 tonnes by the International Cocoa Organisation buffer stock having little impact, dealers said. Sugar prices fell sharply in the afternoon, following New York down. Meanwhile, nickel prices on the LME fell further, with three-month metal $39 a tonne lower at $7,713. Analysts said the metal needed to hold that level – around $3.50 a lb – if the market was to re-test recent highs.

SPOT MARKETS		+ or -
Crude oil (per barrel FOB)		
Dubai	$15.60-5.65z	+0.075
Brent Blend	$16.50-6.60	+0.325
W.T.I. (1 pm est)	$17.45-7.50z	+0.30
Oil products (NWE prompt delivery per tonne CIF)		
Premium Gasoline	$160-163	+1
Gas Oil (Soviet)	$140-141	+2
Heavy Fuel Oil	$72-74	+1
Naphtha	$152-155	+2.5
Petroleum Argus Estimates		
Other		
Gold (per troy oz)♦	$443.75	+4.75
Silver (per troy oz)♦	636c	+4
Platinum (per troy oz)	$455.00	+5.75
Palladium (per troy oz)	$118.75	+1.00
Aluminium (free market)	$2020	-20
Copper (US Producer)	109¾-113c	
Lead (US Producer)	37.50c	-2.50
Nickel (free market)	870c	-5
Tin (European free market)	£3890	+10
Tin (Kuala Lumpur market)	17.15r	
Tin (New York)	316.00c	-1.00
Zinc (Euro. Prod. Price)	$860	
Zinc (US Prime Western)	45.375c	+0.625
Cattle (live weight)†	106.59p	+1.98*
Sheep (dead weight)†	154.69p	+4.38*
Pigs (live weight)†	85.30p	+0.19*
London daily sugar (raw)	$227.00w	-3.40
London daily sugar (white)	$235.00w	-3.00
Tate and Lyle export price	£237.00	-1.00
Barley (English feed)	£109.50z	
Maize (US No. 3 yellow)	£135.50	
Wheat (US Dark Northern)	£99.00u	+1.00
Rubber (spot)♥	62.75p	-0.50
Rubber (Mar)♥	66.75p	-1.00
Rubber (Apr)♥	66.75p	-1.00
Rubber (KL RSS No 1 Mar)	280.0m	+0.50
Coconut oil (Philippines)§	$540.00w	+5.00
Palm Oil (Malaysian)§	$420.00	
Copra (Philippines)§	$370.00	+10.00
Soyabeans (US)	£153.00	+1.00
Cotton "A" index	68.60c	+0.10
Woolltops (64s Super)	575p	-5

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. w-Feb/Mar. z-Mar. u-Apr/May. x-Mar/Apr. † Meat Commission average fatstock prices. * change from a week ago. ♥ London physical market. §CIF Rotterdam. ♦ Bullion market close. m-Malaysian/Singapore cents/kg.

COCOA £/tonne	Close	Previous	High/Low
Mar	1067	1062	1074 1065
May	1086	1082	1095 1085
Jly	1107	1102	1116 1106
Sep	1127	1119	1133 1125
Dec	1150	1144	1158 1149
Mar	1177	1169	1181 1175
May	1197	1189	1202 1196

Turnover: 3364 (4791) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for February 8: 1339.74 (1330.70). 10 day average for February 9: 1362.29 (1372.06).

COFFEE £/tonne	Close	Previous	High/Low
Mar	1242	1235	1244 1233
May	1269	1260	1269 1258
Jly	1291	1283	1293 1283
Sep	1315	1305	1315 1305
Nov	1332	1325	1338 1325
Jan	1355	1341	1356 1344
Mar	1380	1360	1370

Turnover: 3565 (4350) lots of 5 tonnes
ICO indicator prices (US cents per pound) for February 5: Comp. daily 1979 118.45 (117.87); 15 day average 115.18 (115.88).

SUGAR $ per tonne	Close	Previous	High/Low
Raw			
Mar	183.60	196.80	195.80 183.60
May	185.80	198.00	196.80 183.60
Aug	184.00	193.00	196.80 183.60
Oct	182.80	194.00	194.80 181.00
Dec	184.00	194.60	
Mar	183.00	194.80	192.00 182.00
May	186.00	197.60	
White			
Mar	223.00	233.50	235.00 220.00
May	224.00	236.50	236.00 220.00
Aug	227.00	238.00	236.00 221.00
Oct	228.00	238.00	236.20 221.00
Dec	228.00	239.00	
Mar	231.00	242.00	237.00
May	234.00	245.00	

Turnover: Raw 6944 (6457) lots of 50 tonnes; White 2155 (1596).
Paris- White (FFr per tonne): Mar 1265, May 1275, Aug 1295, Oct 1285, Dec 1300, Mar 1315.

GAS OIL $/tonne	Close	Previous	High/Low
Feb	140.50	139.00	142.25 140.25
Mar	140.00	140.50	143.75 140.00
Apr	141.50	139.50	143.00 141.25
May	139.75	138.50	140.75 138.50
Jun	142.50	138.75	142.50 141.00
Jul	142.50	138.50	142.50 141.25

Turnover: 5990 (3430) lots of 100 tonnes

GRAINS £/tonne	Close	Previous	High/Low
Wheat			
Mar	105.50	105.80	105.70 105.40
May	108.00	108.15	108.10 107.70
Jly	110.40	110.70	110.40 110.00
Sep	101.90	102.00	102.00 101.90
Nov	103.75	103.75	103.75 103.65
Jan	106.90	106.25	106.90 105.90
Mar	108.10	108.40	
Barley			
Mar	104.90	104.80	104.90 104.50
May	106.80	106.50	100.80 106.25
Sep	98.65	98.80	
Nov	99.30	99.45	99.30
Jan	101.45	101.60	
Mar	104.00	104.00	

Turnover: Wheat 585 (197), Barley 43 (68) lots of 100 tonnes.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 3,350 tonne
Cash	2020-40	2030-50		2015-25		
3 months	1870-85	1880-95		1875-85	1870-80	2,834 lots
Aluminium, 99.5% purity (£ per tonne)						Ring turnover 24,675 tonne
Cash	1146-8	1138-40	1148/1143	1144-5		
3 months	1054-5	1067-8	1070/1054	1069.5-70	1067-8	44,952 lots
Copper, Grade A (£ per tonne)						Ring turnover 47,075 tonne
Cash	1299-1302	1380-5	1299/1255	1298-8		
3 months	1164-5	1216-17	1184/1150	1151-3	1160-2	73,092 lots
Copper, Standard (£ per tonne)						Ring turnover 0 tonne
Cash	1255-60	1325-35		1250-5		
3 months	1135-45	1175-85		1135-45		35 lots
Silver (US cents/fine ounce)						Ring turnover 20,000 ozs
Cash	633-5	626-9	630	630-1		
3 months	644-6	637-40		641-3	645-50	677 lots
Lead (£ per tonne)						Ring turnover 9,775 tonne
Cash	356-7	378-7	363	362.5-3		
3 months	339-40	352-3	353/338	342-3	339-9.5	11,926 lots
Nickel ($ per tonne)						Ring turnover 1,944 tonne
Cash	7990-8010	8010-20	7980	7980-90		
3 months	7710-15	7750-4	7740/7710	7720-5	7710-15	9,591 lots
Zinc (£ per tonne)						Ring turnover 7,025 tonne
Cash	482-3	497-8	495/493	495-5.5		
3 months	467.5-8	501.5-2	501/429	499.5-500	499-500	12,591 lots

POTATOES £/tonne	Close	Previous	High/Low
Feb	96.50	97.00	
Mar	92.50	92.00	
Apr	148.90	148.00	149.50 148.00
May	168.00	166.50	168.00 167.00
Nov	98.30	98.50	
Feb	107.50	108.00	

Turnover: 149 (292) lots of 40 tonnes.

SOYABEAN MEAL £/tonne	Close	Previous	High/Low
Apr	128.00	129.00	128.50 128.00
Jun	122.80	123.50	123.50 123.00
Aug	121.00	121.50	121.00
Oct	122.00	124.00	123.00 122.50
Dec	127.50	128.00	
Feb	130.00	130.00	

Turnover: 265 (135) lots of 20 tonnes.

FREIGHT FUTURES $10/index point	Close	Previous	High/Low
Apr	1573.0	1560.0	1580.0 1564.0
Jul	1433.0	1428.0	1445.0 1433.0
Oct	1463.0	1458.5	1472.0 1463.0
BFI	1499.5	1488.0	

Turnover: 296 (509)

TEA

There were 26,778 packages on offer in this week's sale including 4,000 packages in the offshore section, reports the Tea Brokers' Association. The market continued to weaken. Assams came in for much more selective demand than of late and prices were generally 5-10p easier with a large number of withdrawals. Bangladesh was lost 4-6p. A few best liquoring East Africans held firm but the remainder shed 4-8p, sometimes more. Central Africans were often difficult of sale. Ceylons were irregular with quality. Offshore teas were neglected. Quotations: quality 170p a kg, nominal (180p); medium 120p (130p); low medium 80p (85p).

LONDON BULLION MARKET Gold (fine oz)	$ price	£ equivalent
Close	443½-444	250¼-251¼
Opening	439½-439¾	251¼-251¾
Morning fix	443.05	253.070
Afternoon fix	442.10	252.195
Day's high	444-444½	
Day's low	439¼-439½	

Coins	$ price	£ equivalent
US Eagle	456½-461½	260½-263¼
Maple leaf	456½-461½	260½-263¼
Britannia	456½-461½	260½-263¼
Krugerrand	442½-445½	252½-254
1/2 Krug	230-233	131½-133¼
1/4 Krug	117-125	66¾-71¼
Angel	452-457	257½-260¾
1/10 Angel	47-52	26¾-29¾
New Sov.	104½-105½	59¾-60
Old Sov.	104½-105½	59¾-60½
Noble Plat	461-467	263½-267¼

Silver fix	p/fine oz	US cts equiv
Spot	361.55	632.50
3 months	369.85	642.95
6 months	378.90	655.80
12 months	397.15	677.50

LONDON METAL EXCHANGE TRADED OPTIONS	Calls		Puts	
Aluminium (99.7%) Strike price $ tonne	Mar	May	Mar	May
1850	161	129	27	102
1950	97	85	63	157
2050	52	54	117	225
Aluminium (99.5%)				
1800	157	130	17	60
1900	88	84	48	132
2000	46	51	102	198
Copper (Grade A)				
1950	303	236	24	202
2100	193	182	62	285
2250	112	169	132	387

US MARKETS

SUGAR CONTINUED ACTIVE as follow-through trade and commission house selling following bearish Soviet crop estimates drove prices through significant support levels in the absence of end-user efforts, reports Drexel Burnham Lambert. Precious metals were quiet, dominated by local activity with profit taking limiting rises. Early local selling of gold uncovered bank buying which caused local short covering and the market held firm. Copper held firm on light trade and commission house buying. Crude oil opened firm on local buying then fell on trade resistance at the highs, but fund buying and short covering maintained a steady tone. Coffee rallied on speculative buying but was held by trade profit taking. Cocoa failed to hold early short covering gains. Live and feeder cattle futures were higher following publication of the cattle census which indicated the possibility of sharply higher cash prices both in the near- and long-term. Hogs eased slightly as large runs at terminals led to lower cash prices. Pork bellies eased in response to easier cash prices resulting from a slowing-down in bacon business. Wheat was firm on reports that India would be buying 1.2m tonnes in addition to purchases by Morocco.

New York

GOLD 100 troy oz.; $/troy oz.	Close	Previous	High/Low	
Feb	440.4	439.4	443.0	440.5
Mar	441.2	440.4	441.5	441.0
Apr	444.0	442.4	447.3	443.8
Jun	448.0	447.7	451.7	448.3
Aug	452.5	452.3	455.1	452.7
Oct	458.0	456.8	458.6	457.0
Dec	462.9	461.2	465.5	462.5
Feb	468.1	467.2	469.5	467.5

PLATINUM 50 troy oz; $/troy oz.	Close	Previous	High/Low	
Apr	453.9	449.2	456.5	452.7
Jul	458.9	454.0	461.0	458.0
Oct	464.8	459.7	467.0	464.0
Jan	470.6	465.7	0	0
Apr	477.1	472.2	0	0

SILVER 5,000 troy oz; cents/troy oz.	Close	Previous	High/Low	
Feb	629.7	625.2	632.0	632.0
Mar	632.5	626.5	639.0	631.0
Apr	640.0	634.6	645.5	640.0
May	645.5	640.6	648.5	640.0
Jul	651.0	647.5	657.0	652.0
Sep	658.0	656.0	661.0	659.0
Dec	668.4	664.7	672.0	667.0
Jan	672.1	668.0	0	0
Mar	681.3	676.6	681.0	681.0
May	690.2	685.2	683.0	683.0

COPPER 25,000 lbs; cents/lbs	Close	Previous	High/Low	
Feb	101.60	101.40	101.80	101.80
Mar	95.80	95.40	96.40	92.80
Apr	91.25	90.65	0	0
May	88.70	85.90	87.20	83.50
Jul	82.70	81.00	82.50	80.90
Sep	79.30	79.40	79.50	77.00
Dec	76.30	76.00	76.50	75.50
Jan	75.15	74.60	0	0
Mar	74.30	74.80	74.50	74.00
May	73.80	73.20	73.75	73.00
Jul	73.80	[illegible]	[illegible]	[illegible]

CRUDE OIL (Light) 42,000 US galls $/barrel	Close	Previous	High/Low	
Mar	17.59	17.28	17.65	17.41
Apr	17.51	17.21	17.50	17.32
May	17.38	17.12	17.39	17.24
Jun	17.28	17.02	17.27	17.18
Jul	17.16	16.92	17.15	17.05
Aug	17.04	16.82	17.02	16.96
Sep	16.90	16.82	16.90	16.89
Oct	16.80	16.82	16.80	16.80

HEATING OIL 42,000 US galls, cents/US galls	Close	Previous	High/Low	
Mar	48.75	46.98	49.70	48.75
Apr	47.65	47.38	48.10	47.30
May	46.65	46.11	46.75	46.25
Jun	46.00	45.66	46.00	45.73
Jul	45.80	45.41	45.80	45.75
Aug	46.45	46.01	46.65	46.45

COCOA 10 tonnes;$/tonnes	Close	Previous	High/Low	
Mar	1709	1718	1733	1704
May	1741	1751	1764	1737
Jul	1768	1778	1785	1764
Sep	1795	1806	1815	1792
Dec	1830	1838	1843	1827
Mar	1863	1871	0	0
May	1888	1900	0	0

COFFEE "C" 37,500lbs; cents/lbs	Close	Previous	High/Low	
Mar	138.72	136.70	139.20	136.40
May	138.45	136.22	141.65	135.25
Jul	140.40	138.00	143.50	141.40
Sep	143.25	142.95	145.00	143.25
Dec	145.89	145.75	146.00	145.75
Mar	147.80	147.00	147.00	147.00
May	148.00	148.00	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs	Close	Previous	High/Low	
Mar	8.15	8.79	8.85	7.95
May	8.26	8.83	8.77	8.03
Jul	8.21	8.71	8.64	8.01
Oct	8.06	8.56	8.56	8.06
Jan	8.10	8.68	0	0
Mar	8.18	8.69	8.68	8.19
May	8.21	8.71	8.72	8.21

COTTON 50,000; cents/lbs	Close	Previous	High/Low	
Mar	62.25	62.54	62.46	61.61
May	62.69	62.61	63.10	62.25
Jul	63.32	63.75	63.50	62.56
Oct	61.63	62.46	62.10	61.50
Dec	60.52	61.52	61.25	60.55
Mar	61.55	62.55	61.80	61.28
May	61.75	62.55	62.20	61.82

ORANGE JUICE 15,000 lbs; cents/lbs	Close	Previous	High/Low	
Mar	166.60	170.10	168.15	166.00
May	164.35	168.30	166.40	163.30
Jul	162.95	167.35	165.85	164.00
Sep	163.50	165.50	165.50	162.25
Nov	162.60	166.15	163.00	162.00
Jan	159.80	160.95	160.70	159.70
Mar	159.70	160.95	159.70	159.70
May	159.80	160.95	0	0

INDICES				
REUTERS (Base: September 18 1931 = 100)				
	Feb 5	Feb 4	month ago	year ago
	1760.1	1745.5	1764.1	1611.4
DOW JONES (Base: December 31 1974 = 100)				
Spot	129.54	129.46	134.32	115.41
Futures	132.69	133.15	137.28	116.38

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel	Close	Previous	High/Low	
Mar	605/6	609/4	609/4	604/0
May	615/0	617/6	618/0	613/2
Jul	623/2	626/4	626/0	620/0
Aug	625/0	625/4	627/0	622/4
Sep	623/4	622/4	626/0	620/0
Nov	628/0	626/2	629/0	624/0
Jan	636/4	640/4	640/4	632/0
Mar	645/0	643/4	645/0	642/0
May	650/4	653/0	0	0

SOYABEAN OIL 60,000 lbs; cents/lb	Close	Previous	High/Low	
Mar	20.94	20.79	21.20	20.85
May	21.27	21.15	21.49	21.20
Jul	21.56	21.40	21.78	21.50
Aug	21.67	21.50	21.80	21.67
Sep	21.72	21.52	21.90	21.72
Oct	21.78	21.82	21.90	21.78
Dec	21.87	21.70	22.05	21.75
Jan	21.90	21.75	21.95	21.90

SOYABEAN MEAL 100 tons; $/ton	Close	Previous	High/Low	
Mar	176.4	179.2	179.5	175.8
May	176.8	178.7	179.3	176.6
Jul	178.4	179.9	179.4	178.0
Aug	178.5	181.0	181.0	178.5
Sep	180.0	182.0	181.5	180.0
Oct	182.0	183.0	182.5	182.0
Dec	182.5	185.2	185.0	182.5
Jan	184.2	186.7	184.0	184.5

MAIZE 5,000 bu min; cents/56lb bushel	Close	Previous	High/Low	
Mar	202/2	201/2	202/6	200/4
May	207/6	207/0	207/6	206/0
Jul	211/0	210/4	211/0	209/4
Sep	213/6	213/0	213/6	212/0
Dec	215/4	214/2	215/4	213/6
Mar	221/4	220/4	221/4	220/0
May	226/6	225/6	226/6	225/0

WHEAT 5,000 bu min; cents/60lb-bushel	Close	Previous	High/Low	
Mar	335/2	332/6	335/4	332/0
May	324/4	322/4	325/0	322/0
Jul	309/2	307/6	309/2	307/0
Sep	310/0	309/0	310/0	309/2
Dec	320/0	318/0	320/0	317/4
Mar	343/0	341/6	0	0

LIVE CATTLE 40,000 lbs; cents/lbs	Close	Previous	High/Low	
Feb	71.87	70.85	71.70	70.47
Apr	72.57	71.45	72.60	71.45
Jun	70.87	69.80	71.05	70.35
Aug	68.30	67.20	68.80	67.80
Oct	67.17	65.85	67.20	66.90
Dec	67.80	66.82	67.90	67.80
Feb	67.80	66.50	67.50	0

LIVE HOGS 30,000 lb; cents/lbs	Close	Previous	High/Low	
Feb	48.40	48.70	48.70	48.40
Apr	45.80	45.82	46.30	45.66
Jun	48.55	48.75	48.75	48.55
Jul	48.45	48.80	48.95	48.22
Aug	47.50	47.27	47.65	46.82
Oct	43.15	42.95	43.10	42.90
Dec	44.10	43.82	44.00	43.67
Feb	42.70	42.55	0	42.65

PORK BELLIES 38,000 lbs; cents/lb	Close	Previous	High/Low	
Feb	54.32	54.97	55.00	54.05
Mar	54.82	55.32	55.60	54.55
May	56.50	56.95	57.15	56.20
Jul	56.57	57.15	57.15	56.05
Aug	55.40	55.87	56.20	55.65

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling quiet but nervous

STERLING CHARTED a relatively neutral course in currency markets yesterday, unaffected by a rise in interest rates and lower equity prices. A strike by Ford workers and a spate of other industrial disputes failed to have an immediate effect but dealers were a little anxious for sterling in the longer term.

Some analysts pointed out that the situation now was a lot different from in the late 70's when industrial disputes inevitably hit the pound. The UK economy shows signs of being much leaner and fitter than a decade ago. In addition, with the UK budget next month likely to presage a balanced budget and a cut in personal taxation, there seemed to be little immediate reason to sell sterling short. There has certainly not been an overnight change in the economic climate and part of yesterday's push for higher interest rates was almost certainly accelerated by the market's constant desire to get bad news out of the way as quickly as possible.

Indeed the odds are still firmly on the next move in base rates as being upwards. But as Mr Nick Parsons at Union Discount agreed, the Bank of England's assertive move in raising base rates earlier this month took the market by surprise and gave the authorities the upper hand. This is not something they will readily wish to surrender. A rise in base rates, pressure-led from the market, would resurrect previous suggestions of the tail wagging the dog.

Sterling's exchange rate index finished at 74.1, unchanged from the opening and only slightly down from Friday's close of 74.2. Against the dollar it closed at $1.7540 from $1.7555 and was lower against the D-Mark at DM2.9725 from DM2.9800. It also lost ground against the yen to Y225.75 from Y226.25 and finished elsewhere at SFr2.4300 from SFr2.4400 and FFr10.0375 compared with FFr10.0600.

The dollar finished below the day's highs, having failed to establish itself above DM1.70. Friday's rally did not provide any further impetus and in the light of today's FOMC meeting, and Friday's release of December trade figures, short term investors were content to take profits and then remain on the sidelines.

Consequently the US unit drifted down from early highs but remained within quite a tight range. Against the D-Mark it finished at DM1.6950, down from a high of DM1.7065 and Friday's close of DM1.6980. Against the yen it closed at Y128.65 from Y128.95, having peaked at Y129.45. Elsewhere it closed at SFr1.3855 from SFr1.3905 and FFr5.7225 compared with FFr5.7300. On Bank of England figures, the dollar's exchange rate index was quoted at 94.9 from 95.0.

JAPANESE YEN-Trading range against the dollar in 1987/88 is 159.45 to 121.35. January average 127.77. Exchange rate index 240.5 against 214.1 six months ago.

Firmer US bonds helped to push the dollar higher in Tokyo but it quickly lost its sparkle on approaching the Y129.50 level. The US unit closed at Y129.30 from Y129.35 in New York on Friday.

Most traders agreed that the dollar was unlikely to move strongly in either direction until after US trade figures for December are released on Friday. In addition Japanese trade figures for January are released on the same day and are expected to show a continuation of the steady decline in the Japanese trade surplus.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Feb.8	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.2097	+1.77	+1.82	±1.5344
Danish Krone	7.85212	7.89452	+0.54	-0.21	±1.6404
German D-Mark	2.05853	2.06581	+0.35	-0.40	±1.0981
French Franc	6.90403	6.97482	+1.03	+0.28	±1.3674
Dutch Guilder	2.31943	2.32013	+0.03	-0.72	±1.5012
Irish Punt	0.768411	0.776332	+1.03	+0.28	±1.6684
Italian Lira	1483.58	1520.30	+2.48	+2.17	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency Adjustment calculated by Financial Times.

£ IN NEW YORK

Feb.8	Latest	Previous Close
£ Spot	1.7518-1.7528	1.7525-1.7535
1 month	0.32-0.28pm	0.32-0.30pm
3 months	0.93-0.88pm	0.95-0.92pm
12 months	3.50-3.40pm	3.75-3.65pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Feb.8	Previous
8.30 am	74.1	74.4
9.00 am	74.1	74.4
10.00 am	74.2	74.4
11.00 am	74.2	74.4
Noon	74.1	74.4
1.00 pm	74.2	74.3
2.00 pm	74.2	74.4
3.00 pm	74.1	74.3
4.00 pm	74.1	74.2

POUND SPOT- FORWARD AGAINST THE POUND

Feb.8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7445-1.7550	1.7535-1.7545	0.32-0.29cpm	2.09	1.19-1.14pm	2.66
Canada	2.2104-2.2215	2.2205-2.2215	0.13-0.01cpm	0.38	0.68-0.52pm	1.08
Netherlands	3.33¼-3.34¼	3.33¼-3.34¼	1⅝-1cpm	4.72	4⅝-4pm	5.17
Belgium	62.14-62.55	62.15-62.25	22-6cpm	2.12	58-39pm	3.12
Denmark	11.35½-11.39¾	11.37-11.38	1⅞-1⅛oredis	-0.86	2½-3⅛dis	-0.57
Ireland	1.1173-1.1211	1.1180-1.1190	0.06-0.10pdis	-0.86	0.23-0.28dis	-0.91
W. Germany	2.96¾-2.98	2.96¾-2.97¾	1⅜-1pfpm	5.30	4⅝-4pm	5.00
Portugal	241.90-243.60	241.90-242.90	98-153cdis	-6.21	239-334dis	-4.68
Spain	198.70-199.85	198.70-199.00	37-62cdis	-2.99	97-136dis	-2.34
Italy	2186¾-2194	2187½-2188½	par-6liredis	-1.65	par-10dis	-0.91
Norway	11.23¾-11.26¾	11.24¾-11.25¾	3¾-4¾oredis	-4.33	11½-13½dis	-4.51
France	10.02½-10.06¼	10.03¼-10.04¼	1⅝-½cpm	1.27	4¼-2¾pm	1.42
Sweden	10.60¾-10.63½	10.62-10.63	⅛pm-⅝oredis	-0.28	1⅞-parpm	0.26
Japan	225¼-226¼	225¼-226¼	1¼-⅝ypm	4.98	3¾-2⅝pm	5.20
Austria	20.89-20.95	20.91-20.94	4½-3¼	2.37	13½-11¼	2.37
Switzerland	2.42½-2.44¼	2.42½-2.43½	1⅞-1¾cpm	7.72	5-4¾pm	7.72

Belgian rate is convertible francs. Financial franc 62.40-62.50. Six-month forward dollar 2.32-2.27cpm 12 month 4.30-4.20cpm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Feb.8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7445-1.7550	1.7545-1.7555	0.32-0.29cpm	2.09	1.19-1.14pm	2.66
Ireland†	1.5600-1.5705	1.5695-1.5705	0.16-0.11cpm	1.04	0.63-0.53pm	1.48
Canada	1.2643-1.2670	1.2655-1.2665	0.16-0.20cdis	-1.71	0.48-0.53dis	-1.60
Netherlands	1.9025-1.9160	1.9030-1.9040	0.43-0.41cpm	2.64	1.28-1.25cpm	2.65
Belgium	35.40-35.70	35.40-35.50	3dis-par	-0.51	7.50-2.50dis	-0.56
Denmark	6.47½-6.51¾	6.48¼-6.48¾	0.70-1.20oredis	-1.75	3.00-3.50dis	-2.00
W. Germany	1.6935-1.7065	1.6945-1.6955	0.46-0.43pfpm	3.14	1.28-1.25pm	2.98
Portugal	138-138¾	138¼-138¾	80-105cdis	-7.99	225-275dis	-7.20
Spain	113.50-114.30	113.50-113.60	40-55cdis	-5.00	130-160dis	-5.09
Italy	1246-1256	1247½-1247¾	2.70-4.20liredis	-3.31	9.80-12.80dis	-3.62
Norway	6.40¾-6.44½	6.41¼-6.42¾	3.30-3.65oredis	-6.49	11.25-11.65dis	-3.70
France	5.71¾-5.76	5.72-5.72½	0.30-0.50cdis	-0.83	1.55-1.85dis	-1.18
Sweden	6.05½-6.08¼	6.05½-6.06	1.10-1.35oredis	-2.42	3.55-3.85dis	-2.42
Japan	128.50-129.45	128.60-128.70	0.32-0.29ypm	2.84	0.87-0.82pm	2.62
Austria	11.93¾-11.98¾	11.94¾-11.95¾	2.40-2.10gropm	2.26	7.30-6.50pm	2.34
Switzerland	1.3850-1.3975	1.3850-1.3860	0.66-0.63cpm	5.56	1.84-1.79pm	5.22

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 35.55-35.65.

CURRENCY RATES

Feb.8	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	-	0.770779	0.693133
U.S Dollar	6	1.35950	1.21333
[illegible]	[illegible]	[illegible]	[illegible]

All SDR rates for February 5

CURRENCY MOVEMENTS

[illegible]

OTHER CURRENCIES

[illegible]

EURO-CURRENCY INTEREST RATES

Feb.8	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
[illegible]						

EXCHANGE CROSS RATES

[illegible]

MONEY MARKETS

UK rates move up

INTEREST RATES rose sharply in London yesterday as confidence took a nose dive. The sharp acceleration in a market already suffering from a bearish undertone, was exacerbated by press comments over the weekend. These highlighted recent industrial unrest and gave prominence to suggestions by some leading analysts that base rates were likely to rise further in the first half of this year.

UK clearing bank base lending rate 9 per cent from February 2

The key three-month interbank rate rose to 9⅜-9¼ p.c. at one point, up from 9⅛-9 p.c. on Friday, before finishing at 9¼-9⅛ p.c. The yield curve offered small comfort, with only a small sign of flattening out, as the one year rate moved up to 9⅝-9½ p.c. from 9⅜-9¼ p.c.

Overnight money opened at 7¾-7½ p.c. and moved up to 8 p.c. before slipping to a low of 4 p.c. However late balances were taken up to 8 p.c.

Discount houses were understandably anxious to unload as much longer dated paper as possible and in their haste, some agreed to sell bills to the Bank at a lower price, which resulted in some sales being made at the Bank's intervention rate of 8⅞ p.c. and some in stages up to 9 p.c.

The Bank of England forecast a shortage of around £500m with factors affecting the market including the repayment of late assistance and bills maturing in official hands together with a take up of Treasury bills draining £616m and Exchequer transactions a further £165m. Banks also brought forward balances £110m below target. These were partly offset by a fall in the note circulation.

The forecast was revised to a shortage of around £600m and the Bank gave assistance in the morning of £627m through outright purchases of £351m of eligible bank bills in band 3 at 8⅞-8¾ p.c. and in band 4, £124m of Treasury bills at 8⅞-8⅞ p.c., £15m of local authority bills at 8⅞ p.c. and £137m of eligible bank bills at 8⅞-9 p.c.

There was no intervention in the afternoon but the Bank provided late assistance of £30m, making a total of £657m.

In Paris the Bank of France left its money market intervention rate at 7¼ p.c. when accepting bids for its latest sale and repurchase tender. This is designed to offset a drain on liquidity as a previous facility removes FFr62.1bn from circulation today.

FT LONDON INTERBANK FIXING

[illegible]

MONEY RATES

[illegible]

LONDON MONEY RATES

[illegible]

FINANCIAL FUTURES

Steadier tone after initial fall

THE MOOD of yesterday's Liffe market never really threatened to match the sombre note of last October 19, but was sufficiently bad for one analyst to dub it "slate grey Monday".

Traders entered the market with hatches firmly battened down, after a deluge of bearish press comment over the weekend. Equities were marked down sharply and only paused for breath after the cash FT-SE 100 index fell below 1,700. Three-month sterling deposits and long gilt futures were not far behind as pressure increased for another rise in bank base rates.

As it became obvious that resistance levels were likely to be swept aside, traders were queueing up at the start of business to sell. However after an initial flurry of sell orders, which confirmed these fears, trading tended to fizzle out.

"The market expected but did not receive any lead from the Bank of England, and this left many traders scratching their heads", one dealer volunteered.

As the dust started to settle, some analysts viewed the sudden change of heart over the weekend as being irrational. UK producer prices for January were higher by 0.7 p.c. but the year-on-year rate fell to 3.8 p.c. from 3.9 p.c. Input prices were up by just 0.2 p.c. In addition retail sales in December were revised back to flat from earlier estimates which suggested a fall of 1.1 p.c.

This prompted Mr Stephen Hannah, economist at County NatWest, to suggest that with good growth,(as shown by retail sales) and a low rate of inflation, which remains reasonably under control, yesterday's fears on interest rates were probably overdone.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
116	2.14	3.45	0.20	1.51
118	0.59	2.40	1.01	2.46
120	0.18	1.50	2.24	3.56
122	0.05	1.10	4.11	5.16
124	0.02	0.46	6.08	6.52
126	0.00	0.28	8.06	8.34
128	0.00	0.20	10.06	10.26
130	0.00	0.11	12.06	12.17

Estimated volume total, Calls 4877 Puts 3285
Previous day's open int: Calls 49009 Puts 30477

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
82	12.24	11.33	0.00	0.13
84	10.24	9.45	0.00	0.25
86	8.24	7.63	0.00	0.43
88	6.25	6.27	0.01	1.07
90	4.30	4.58	0.06	1.38
92	2.41	3.36	0.17	2.16
94	1.09	2.22	0.49	3.02
96	0.23	1.34	1.63	4.14

Estimated volume total, Calls 22 Puts 217
Previous day's open int: Calls 1570 Puts 2009

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls-settlements Feb	Calls-settlements Mar	Puts-settlements Feb	Puts-settlements Mar
16000	9.12	11.51	0.92	3.31
16500	5.52	8.44	2.32	5.24
17000	2.92	5.96	4.72	7.76
17500	1.34	4.04	8.14	10.84
18000	0.52	2.64	12.32	14.44
18500	0.18	1.66	16.98	18.46
19000	0.05	1.00	21.85	22.80
19500	0.01	0.58	26.81	27.38

Estimated volume total, Calls 0 Puts 0
Previous day's open int: Calls 15 Puts 77

LIFFE £/$ OPTIONS

[illegible]

LONDON SE £/$ OPTIONS

[illegible]

PHILADELPHIA SE £/$ OPTIONS

[illegible]

LIFFE-EURODOLLAR OPTIONS

[illegible]

LONDON

[illegible]

CHICAGO

[illegible]

SWISS FRANC (IMM)

SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Mar	0.7225	0.7234	0.7210	0.7210
Jun	0.7312	0.7317	0.7296	0.7296
Sep	0.7395	0.7395	0.7380	0.7381
Dec	0.7480	0.7480	-	0.7461

STANDARD & POORS 500 INDEX

$500 times index

	Latest	High	Low	Prev.
Mar	248.65	249.00	248.00	250.70
Jun	250.00	250.20	249.30	252.00
Sep	251.50	-	251.50	253.45
Dec	253.00	-	253.00	255.00


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The Financial Times proposes to publish this survey on:

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FT 30	FTSE 100	WALL STREET
Feb. 1334/1346 -33	Feb. 1675/1687 -40	Feb. 1884/1900 -16
Mar. 1332/1344 -35	Mar. 1673/1685 -42	Mar. 1887/1903 -17

Prices taken at 5pm and change is from previous close at 9pm

£ WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on Monday, February 8, 1988. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on US dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers rate; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non commercial rate; (nom) nominal; (o) official rate; (sg) selling rate; (c) controlled rate.

COUNTRY	CURRENCY	VALUE OF £ STERLING	COUNTRY	CURRENCY	VALUE OF £ STERLING	COUNTRY	CURRENCY	VALUE OF £ STERLING
Afghanistan	Afghani	99.25	Gibraltar	Gibraltar £	1.00	Paraguay	Guarani	(559.52 (1564.90
Albania	Lek	9.9700	Greece	Drachma	237.75			57.70
Algeria	Dinar	9.1072	Greenland	Danish Krone	11.2525	Peru	Inti	(73.44 (78.68 110.42
Andorra	French Franc / Spanish Peseta	(10.0375 (198.85	Grenada	E. Caribbean $	4.72			
Angola	Kwanza	53.6510	Guadaloupe	Local Franc	10.0375			
Antigua	E. Carribean$	4.72	Guam	U.S. $	1.7540			
Argentina	Austral	9.5555	Guatemala	Quetzal	(1.7540 (f)4.4667			
[illegible]								

TRADE INDEMNITY
EXPORT CREDIT INSURANCE
01-739 4311

EUROPEAN OPTIONS EXCHANGE

Series		Feb. 88 Vol	Feb. 88 Last	May 88 Vol	May 88 Last	Aug. 88 Vol	Aug. 88 Last	Stock
GOLD C	$ 420	240	24	-	-	-	-	$ 442.40
GOLD C	$ 440	40	8	213	21.50	23	32.50	$ 442.40
GOLD C	$ 460	-	-	28	12	20	24	$ 442.40
GOLD C	$ 480	13	0.10	149	7.50	10	14	$ 442.40
GOLD C	$ 500	-	-	15	4	17	9.50	$ 442.40
GOLD P	$ 420	32	1.30	204	7	5	10.50	$ 442.40
GOLD P	$ 440	12	5 B	32	13	32	16 B	$ 442.40
GOLD P	$ 460	45	18	50	20.50	10	23	$ 442.40
GOLD P	$ 480	-	-	100	38	-	-	$ 442.40
GOLD P	$ 500	7	59	100	57	-	-	$ 442.40
		Feb. 88		Mch. 88		Apr. 88		
EOE Index C	FL 155	30	19.50	-	-	-	-	FL 174.66
EOE Index C	FL 160	21	15.50 A	-	-	-	-	FL 174.66
EOE Index C	FL 170	88	6.50	13	10.50	-	-	FL 174.66
EOE Index C	FL 175	57	3.70	18	7.50	54	10.50	FL 174.66
EOE Index C	FL 180	81	1.80	66	5	24	7.40	FL 174.66
EOE Index C	FL 185	100	0.70	6	3	5	5.30 A	FL 174.66
EOE Index P	FL 165	173	1.50	10	3.50	11	5.10	FL 174.66
EOE Index P	FL 170	166	2.40 A	530	6	21	8	FL 174.66
EOE Index P	FL 175	79	4.50	29	8.90	4	9.50 B	FL 174.66
EOE Index P	FL 180	14	7 B	15	10 B	14	12	FL 174.66
EOE Index P	FL 185	-	-	5	12.50 B	41	14.30	FL 174.66
$/FI C	FL 180	-	-	27	11	-	-	FL 190.95
$/FI C	FL 185	43	6.20	-	-	-	-	FL 190.95
$/FI C	FL 190	65	2.50	50	3.50	2	4.30 B	FL 190.95
$/FI C	FL 195	-	-	49	1.90	-	-	FL 190.95
$/FI P	FL 185	-	-	233	1.70	10	2.60 A	FL 190.95
$/FI P	FL 190	46	1.90	23	3.60	-	-	FL 190.95
		Apr. 88		Jul. 88		Oct. 88		
ABN C	FL 40	18	0.80	188	1.40	4	2	FL 36.60
ABN P	FL 40	103	3.90	2	5	4	6.50	FL 36.60
AEGON C	FL 70	31	0.50	-	-	-	-	FL 59
AEGON P	FL 55	170	1.50	-	-	-	-	FL 59
AHOLD C	FL 60	26	12.80 A	-	-	-	-	FL 71.90
AHOLD P	FL 70	42	2.30	5	4.70 B	-	-	FL 71.90
AKZO C	FL 90	111	4	32	6.50	6	8.50	FL 89.50
AKZO P	FL 80	95	1.20 e	73	4.20	11	6.20	FL 89.50
AMEV C	FL 40	4	1.80	16	2.70	1	3.50 A	FL 38.30
AMEV P	FL 40	13	2.60	38	4	10	5 B	FL 38.30
AMRO C	FL 60	26	0.90	25	1.80	7	2.50	FL 55.80
ELSEVIER C	FL 75	185	0.20	-	-	-	-	FL 43.70
ELSEVIER P	FL 40	51	1.20	21	3.40 A	-	-	FL 43.70
GIST-BROC. C	FL 30	8	0.80	71	1.40	-	-	FL 26.20
GIST-BROC. P	FL 25	18	1.50	47	2.50	29	3.70	FL 26.20
HEINEKEN C	FL 120	40	4	16	8	5	10.50	FL 114
HEINEKEN P	FL 110	27	4.90	16	7.30 B	-	-	FL 114
HOOGOVENS C	FL 27.50	-	-	58	2.50	-	-	FL 25.30
HOOGOVENS P	FL 25	77	1.70	6	3	-	-	FL 25.30
KLM C	FL 30	347	2.30	91	3.60	-	-	FL 30.60
KLM P	FL 30	216	1.50	117	2.40	156	3.70	FL 30.60
NEDLLOYD C	FL 190	64	5.50	4	11.50 A	-	-	FL 165
NEDLLOYD P	FL 160	41	11.50	-	-	-	-	FL 165
NAT.NED. C	FL 50	700	3	15	4	-	-	FL 51.40
NAT.NED. P	FL 50	630	1.50 B	407	3.50	-	-	FL 51.40
PHILIPS C	FL 27.50	19	0.60	101	1	22	1.70	FL 24.70
PHILIPS P	FL 25	109	2.10	-	-	-	-	FL 24.70
ROYAL DUTCH C	FL 210	88	6.50	13	9.50	-	-	FL 210
ROYAL DUTCH P	FL 200	198	3.30	113	8.30	158	13.50	FL 210
UNILEVER C	FL 100	554	9.60	-	-	-	-	FL 107
UNILEVER P	FL 100	101	3.50	24	5.40	17	7	FL 107

TOTAL VOLUME IN CONTRACTS : 18,173

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	9	Citibank NA	9	Nat Bk. of Kuwait	9
Adam & Company	9	City Merchants Bank	9	NatWestminster	9
AAB - Allied Arab Bk	9	Clydesdale Bank	9	Northern Bank Ltd	9
Allied Irish Bank	9	Comm.Bk.N.East	9	Norwich Gen. Trust	9
American Exp.Bk	9	Consolidated Cred	9	PK Finans. Int'l(UK)	9½
Amro Bank	9	Co-operative Bank	*9	Provincial Bank PLC	10
Henry Ansbacher	9	Cyprus Popular Bk	9	R. Raphael & Sons	9
ANZ Banking Group	9	Dunbar Bank PLC	9	Roxburghe G'rantee	9½
Associates Cap Corp	10	Duncan Lawrie	9	Royal Bk of Scotland	9
Authority Bank	9	Equatorial Bank plc	9	Royal Trust Bank	9
B & C Merchant Bank	9	Exeter Trust Ltd	9½	Smith & Williamson Secs.	9
Banco de Bilbao	9	Financial & Gen. Sec.	9	Standard Chartered	9
Bank Hapoalim	9	First Nat. Sec. Ltd.	9½	TSB	8½
Bank Leumi (UK)	9	● Robert Fleming & Co.	9	UDT Mortgage Exp	‡10.2
Bank Credit & Comm	9	Robert Fraser & Ptnrs.	10	United Bk of Kuwait	9
Bank of Cyprus	9	Girobank	9	United Mizrahi Bank	9
Bank of Ireland	9	Grindlays Bank	9	Unity Trust Bank Plc	9
Bank of India	9	● Guinness Mahon	9	Western Trust	9
Bank of Scotland	9	HFC Trust & Savings	9	Westpac Bank Corp.	9
Banque Belge Ltd	9	● Hambros Bank	9	Whiteaway Laidlaw	9½
Barclays Bank	9	Heritable & Gen Inv Bk	9	Yorkshire Bank	9
Benchmark Bank PLC	9	● Hill Samuel	§9		
Berliner Bank AG	9	C. Hoare & Co.	9		
Brit Bk of Mid East	9	Hongkong & Shangh	9		
Brown Shipley	9	Lloyds Bank	9		
Business Mtge Tst	9	Meghraj Bank Ltd	9		
CL Bank Nederland	9	Midland Bank	9		
Central Capital	9	● Morgan Grenfell	9		
Charterhouse Bank	9	Mount Bnkg Corp.	9		

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TOWARDS THE CAR OF THE FUTURE

The Financial Times proposes to publish this survey on:

24th March 1988

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on 01-236 1434

or write to him at:

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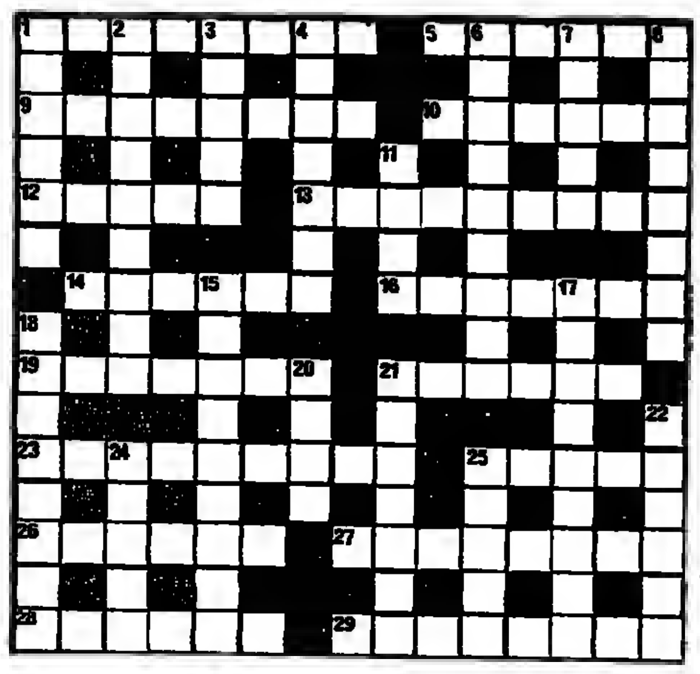
FT CROSSWORD No.6,551

SET BY DANTE



ACROSS

1 Sort of survey of guns? (8)
5 Soul mate of Eros (6)
9 Place on one side? Correct (3,5)
10 Risks one gets at home with dogs (5)
12 Two points, say, for a shot (5)
13 Unusually fine story with a moral that defies description (9)
14 These children are scatter-brains (6)
16 A professor of infinite wisdom (4-3)
19 Leader apt to give murderer a break (7)
21 Diffident in two ways (6)
23 A new local order for a grant (9)
25 It's poisonous so mother gets a doctor in (5)
26 Breaks arranged for those who work in a hot place (6)
27 One suspended from the works for timekeeping (8)
28 Hemingway or Sterne, perhaps (6)
29 Obtrusively robs a bank (6,2)

DOWN

1 Bird that swoops down and circles over its victim (6)
2 The impression it gives varies from day to day (4,5)
3 It may develop into friendship (5)
4 They share what's left (2-5)
6 Reptilian impeturbability? (4-5)
7 Sick dog goes to doctor for a little bread (5)
8 Set off in good time towards dawn (8)
11 The bill offenders may have to face in court (4)
15 Direction for guardians? (9)
17 Sees lambs going round in flocks together (9)
18 Hurry to prepare eggs (8)
20 Females devoted to order (4)
21 Mother strangely sweet on famous film star (3,4)
22 Prepare to run a race heat (4,2)
24 Identify with an elk in trouble (5)
25 The doctor joins me in a drink (5)

Solution to Puzzle No.6,550

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

هكذا من الأصل

FT UNIT TRUST INFORMATION SERVICE

Scimitar Asset Management Ltd
8 Crosby Sq, London EC3A 6AQ 01-588 6995/4/5

Scimitar Global Gth Ac	25.9	27.6	-0.7	–
Do. Income	25.8	27.5	-0.7	0.19
Scimitar European Acc	19.5	20.8	-0.5	–
Do. Income	19.5	20.8xd	+0.3	0.11
Scimitar UK Eq Inc Acc	33.0	36.9	-0.9	–
Do. Income	33.5	35.3	-0.9	5.42
UK Cap Gth Acc	22.1	23.5	-0.6	0.75
Scimitar Pac Basin Acc	27.4	29.2	–	–
Scimitar Mngd Exempt*	134.9	142.7xd	-1.0	–

*Unauthorised

Scottish Equitable Fund Mgrs. Ltd(z)
28 St Andrews Sq, Edinburgh 031-556 1051

Inst Income Units	122.9	130.3	–	3.49
Inst Accum Units	187.3	199.3	–	3.49
UK General Acc	35.4	37.9	-1.3	3.38
UK General Inc	34.1	36.5	-1.3	3.38
American	26.2	28.0	-0.1	2.13
European	33.7	36.0	+0.2	1.26
Japan	55.4	59.3	+0.7	0.09
Technology	32.7	35.0	-0.2	2.29
Performance Trusts				
Far East Perf Tst	16.7	17.9	–	2.00
High Inc Perf Tst Inc	22.6	24.2	-0.7	5.36
High Inc Perf Tst Acc	23.0	24.6	-0.5	5.36
Worldwide Tax Perf Tst	24.5	26.3	+0.4	2.71

Scottish Life Investments(z)
10 St Andrew Sq, Edinburgh 031-225 2211

Ark (UK)	197.8	210.4	-4.7	2.80
Columbus (US)	125.4	134.6	+0.6	1.42
Marco Polo (Pac)	202.2	216.3	+1.4	0.36
Da Vinci (Eur)	211.5	225.0	+1.1	1.78
Drake (Wld)	49.6	53.1	-0.7	2.73

Scottish Mutual Investment Managers Ltd
109 St Vincent St, Glasgow G2 5HN 041-248 6100

UK Equity	191.2	205.5	-4.2	2.82
UK Smlr Cos. Equity	198.3	211.0	-3.4	2.33
UK Special Situations	56.6	60.3	-1.0	3.23
Income Plus	50.2	53.3	+0.3	5.78
European	152.0	161.8	+2.3	1.63

Trades Union Unit Trust Managers
100 Wood Street, London EC2 01-686 4355

TUUT Feb 1	213.5	224.8	–	3.18

Triton Fd Mngs. Ltd.
Royal Life. Hse. Colchester CO1 1RA 0206 764400

Triton General	139.5	148.5	-4.3	1.67

Tyndall Unit Trust Managers Limited
25 Bucklersbury, London EC4N 248 3399

Consolidated & General	57.9	61.4xd	(z)	4.65
Accum Units	58.9	62.3	(z)	–
Income	78.0	83.7	(z)	4.71
Accum Units	78.9	83.7	(z)	–
Smaller Co's	90.0	96.4xd	(z)	1.98
Accum Units	80.9	87.5	(z)	–
UK Growth	83.5	88.6	(z)	2.64
Accum Units	83.5	88.6	(z)	–
Pacific Gold Tst Acc	47.6	50.5	(z)	–

UK Unit Trust Managers Ltd
Worthing Road, Horsham, RH12 1SL 0403 40033

British Growth Fd	53.3	56.9	–	2.54
Technical Analysis Fd	49.2	52.4	–	3.31

Unit Trust Account & Mngmt. Ltd
20 Copthall Ave, London, EC2R 7PA 01-588 6064
Advisers: Henderson Crosthwaite Ltd

Friars Hse Cap Fd	172.3	183.3	–	1.65
Friars Hse Inc Fd	143.5	153.2xd	–	3.94

United Charities Unit Trusts (a)(c)(g)
Unicorn Hse, 252 Romford Rd, EC 01-534 5544

United Charities	168.1	178.8	–	4.51

Vanguard Trust Managers Ltd
65 Holborn Viaduct, London EC1A 2EU 01-236 3053
Dealing Line: 01-236 2468

Gleniffer	177.4	188.7	–	3.53
(Accum Units)	180.7	192.3	–	–
Far East & Gen	52.2	55.5	–	0.02
(Accum Units)	52.2	55.5	–	–
Master Portfolio	63.285	64.908xd	-1.379	3.36
(Accum Units)	66.038	64.706	-1.411	–

[illegible]

INSURANCES

[illegible]

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Phoenix Assurance Co Ltd
Phoenix House, Redcliff Hill, Bristol 0272 294941
Life Assurance Funds

Wealth Assoc.	372.1	391.8	—	—
Eb"r Ph. Eq.	334.1	356.3	—	—

Pension Plan Funds
Phoenix

UK Equity Acc.	154.7	162.8	-4.8	—
International Acc.	123.0	129.4	-0.3	—
Property Acc.	123.0	129.4	—	—
Fixed Interest Acc.	149.8	157.6	-1.6	—
Money Acc.	136.0	143.1	—	—
Bldg. Soc. Link Acc.	133.0	140.0	+0.1	—
Special Mangd. Acc.0	139.6	146.9	-2.5	—

Phoenix/Framlington

Intl. Growth Acc.	82.1	86.4	-0.1	—
Amer. & Gen. Acc.	75.7	79.6	-0.2	—
Capital 1st. Acc.	169.6	178.5	-2.8	—
Japan & Gen Acc.	174.4	183.5	+0.9	—
American Turn. Acc.	75.6	79.5	+0.3	—
Recovery 1st. Acc.	158.5	166.8	-2.5	—
Special Magd Acc.	136.8	144.0	-0.1	—

Phoenix/GT

International Acc	118.8	125.0	+0.1	—
US & General Acc.	86.1	90.6	-0.5	—
Amer Spec Sits Acc	59.2	62.3	—	—
Japan & General Acc	165.5	173.9	-0.2	—
Far East & Gen. Acc.	132.7	139.6	-0.4	—
UK Capital Acc.	167.3	176.1	-1.4	—
European Acc.	129.9	136.7	+1.4	—
Special Mngd Acc.	121.1	127.4	—	—

Pioneer Mutual Insurance Co Ltd
16 Crosby Rd. N. Waterloo, Liverpool 051-928 6655

Managed Fund	262.4	276.7	—	—
Man Pen Inc & Cap Fd	335.4	353.1	—	—
Money Fund	111.1	117.0	—	—
Pens. Magd Fd (Inc)	84.1	88.6	—	—
Pen Magd Fd (Acc)	94.1	99.1	—	—
Pen. FT30 Fd (Inc)	126.9	133.6	—	—
Pen FT30 Fd (Acc)	142.1	149.6	—	—
Pen O"seas MgFd(Inc)	54.4	57.5	—	—
Pen O"seas MgFd(Acc)	60.8	64.1	—	—
Pens Fxd Int Fd (Inc)	107.2	112.9	—	—
Pen Fxd Int Fd (Acc)	120.0	126.4	—	—
Pen Deposit Fd (Inc)	100.7	106.0	—	—
Pen Deposit Fd (Acc)	112.7	118.7	—	—

Premium Life Assurance Co Ltd

Prudential Assurance Co
Holborn Bars, London EC1N 2NH 01-405 9222
Prufund

Managed Feb 3	194.6	202.8	—

Prudential Holborn Life Ltd
30 Old Burlington St, London W1X 1LB 01-439 3134

Managed Fd	431.7	454.5	—
Equity Fd.	877.1	924.2	—
Intnl. Fd.	298.3	314.0	—
Fixed Int. Fd.	358.8	377.1	—
Prop. Fd.	309.5	325.8	—
Cash Fd.	239.2	250.8	—
Pacific Basin Fd.	162.3	170.9	—
North American Fd.	116.4	122.6	—
European Fd.	129.0	135.8	—
Holborn Balanced Gwth Fd	96.2	101.3	—
Holborn Strategic Gwth Fd	96.0	101.1	—

Prudential Holborn Pensions Ltd
30 Old Burlington St, London W1X 1LB 01-439 3134

Managed	451.1	474.9	—
Equity	643.2	677.1	—
Global Equity	183.4	193.1	—
Fixed Interest	366.1	386.1	—
Property	302.2	318.2	—
Cash	137.4	144.7	—
Index Linked Gilt	161.1	169.6	—
Guaranteed	8.81	9.56	—
International Money	187.8	197.7	—
North American Fd	52.5	55.3	—
Japanese Fund	113.7	119.7	—
European Fund	68.7	72.4	—
Special Situations Fd	93.3	98.3	—
Communications Fund	76.0	80.0	—
Smaller Cos Fund	96.2	101.3	—

Prudential Pensions Limited
Holborn Bars, London EC1N 2NH 01-405 9222

Discretry Feb 3	£121.49	124.99	—
Equity Fund Feb 3	£130.73	134.72	—
Intnl Fund Feb 3	£19.47	20.44	—
Int Bond Fd Feb 3	£10.57	10.75	—
Fixed Int Feb 3	£66.05	66.86	—
Index Linked Feb 3	£49.39	50.26	—
Property Fund Feb 3	£78.02	82.47	—
Cash Fund Feb 3	£18.1111	18.1110	—

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

هكذا من الاصل

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

1987/88 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
[illegible]	99⅝	Exch 10¼pc '88	[illegible]	[illegible]	[illegible]	9.29
[illegible]	98⅞	Treas 9¾pc Cv '88	[illegible]	[illegible]	9.74	9.29
[illegible]	93⅛	Transport 3pc '78–88	[illegible]	[illegible]	[illegible]	7.09
101	98⅛	Treas. 9½pc '88	[illegible]	[illegible]	[illegible]	9.56
[illegible]	101⅛	Treas 11½pc 1989	[illegible]	[illegible]	[illegible]	9.54
102	97⅞	Treas 9½pc Cnv 1989	[illegible]	[illegible]	9.52	9.52
[illegible]	89¼	Treas 3pc 1989	[illegible]	[illegible]	[illegible]	6.59
[illegible]	99⅞	Treas 10½pc 1989	101	[illegible]	[illegible]	9.53
103	95½	Exch 10pc 1989	100	[illegible]	[illegible]	9.56
[illegible]	100⅛	Exch 11pc 1989	102	[illegible]	10.	9.60
[illegible]	89⅞	Treas 5pc 1986–89	[illegible]	[illegible]	[illegible]	7.67
[illegible]	99⅞	Exch 10½pcCv '89	102	[illegible]	[illegible]	8.77
111	104⅞	Treas 13pc 1990‡‡	106	[illegible]	12.	9.47
106½	100⅛	Exch 11pc 1990‡‡	102	[illegible]	10.72	9.54
110	103⅞	Exch. 12½pc 1990	105	[illegible]	11.85	9.56
92	84½	Treas. 3pc 1990	91	[illegible]	3.27	7.07
100	93⅝	Treas 8¼pc 1987–90‡‡	98	[illegible]	8.37	8.93
100⅝	98	Treas. 8pc Cv 1990	99	[illegible]		
105	97½	Treas. 10pcCv 1990	101	[illegible]	9.91	9.58
91	81	Exch 2½pc 1990	89	[illegible]	2.81	6.88
110½	102	Treas 11¾pc 1991	105	[illegible]	11.15	9.58
95	87¼	Funding 5¾pc '87–91‡‡	92⅞	[illegible]	6.20	8.38
90	80¼	Treas. 3pc 1991	88	[illegible]	3.41	7.17
110	98½	Treas 10pc Cv '91 ‡‡	102	[illegible]	9.77	9.19
[illegible]	101	Exch. 11pc 1991	104	[illegible]	[illegible]	9.57
99	91	Treas. 8pc 1991	95	[illegible]	[illegible]	9.50
[illegible]	107	Treas 12¾pc 1992‡‡	110	[illegible]	[illegible]	9.60
[illegible]	97	Treas 10pc 1992	101xd	[illegible]	[illegible]	9.59
[illegible]	90	Treas. 8pc 1992 ‡‡	94	[illegible]	[illegible]	9.54
[illegible]	99½	Treas 10½pc Cv 1992‡‡	102	[illegible]	10.	9.61

BRITISH FUNDS — Contd

1987/88 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
134⅞	116⅞	Exch. 12pc '13–'17	124	–2	9.57	9.36
		Undated				
45⅝	39⅞	Consols 4pc	42½	–⅜	9.41	–
41	34	War Loan 3½pc‡‡	37	–⅜	9.27	–
52	46½	Conv. 3½pc '61 Aft	49	–⅜	7.08	–
34	29	Treas. 3pc '66 Aft	31	–⅛	9.58	–
29	24	Consols 2½pc	26⅝	–¼	9.39	–
29	24	Treas. 2½pc	26⅝	–¼	9.39	–
		Index–Linked			(1)	(2)
[illegible]	125¼	Treas. 2pc '88 (297.1)	134		–	–
[illegible]	108	Do. 2pc '90(333.9)	118	–⅛	[illegible]	2.12
101	93	Do. 2pc '92‡‡ (385.8)	100	–⅛	[illegible]	2.75
[illegible]	119	Do. 2pc '96(267.9)	129¼xd	–¼	[illegible]	3.75
111	96⅝	Do 2½pc '01 (308.8)	108	–¼	[illegible]	3.98
110	94⅛	Do. 2½pc '03(310.7)	106⅛	–½	[illegible]	3.98
[illegible]	94	Do. 2pc '06(274.1)	107	–¼	[illegible]	3.99
108	89	Do. 2½pc '09(310.7)	100	–¼	[illegible]	3.97
[illegible]	93	Do. 2½pc '11(294.1)	104⅞xd	–¼	[illegible]	3.96
[illegible]	76	Do. 2½pc '13(351.9)	87⅞xd	–⅜	[illegible]	3.91
[illegible]	83⅝	Do. 2½pc '16(322.0)	94	–½	[illegible]	3.86
[illegible]	81	Do. 2½pc '20 (327.3)	92⅞	–½	[illegible]	3.79
[illegible]	68	Do. 2½pc '24 ‡‡(385.3)	78⅛	–½	[illegible]	3.72

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for May 1987:101.9 and for December 1987: 103.3
(rebased at 100 January 1987 conversion factor 3.945).

INT. BANK AND O'SEAS GOVT STERLING ISSUES

1987/88 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
113⅞	97⅞	African Dv Bk 11¾Ln 2010	103	–1	10.79	10.74
109	93	Asian Dev Bk 10¾pcLn2009	99	–1	10.34	10.34
136	117⅛	Australia 13½pc 2010	123½xd	–1	10.93	10.71
118	100	Do. 11¾pcLn2015	106⅝	–1½	10.67	10.62
115⅝	99	Euro Inv Bk 11pc Ln 2002	105	–1	10.42	10.24
110	94	Do. 10¾pc2004	101	–1½	10.27	10.23
126	109	Int–Am Dev Bk 12½pc 2003	115	–1½	10.87	10.47
104⅝	88	Do. 9¾pcLn 2015	93	–1	10.43	10.45
97	83	Mlysia 10¾pcLn 2009	88xd	–1	12.12	12.24
115	98	NZ 11¼pc 2008	104	–1	10.73	10.65
123	100	Do 11½pc 2014	107¼	–1	10.72	10.66
130	100	Sweden 13½pc Ln 2010	124⅛	–1	10.88	10.63
102⅞	87	Utd. Mexican States 16½pc 2008	99	+	16.51	16.55

FOREIGN BONDS & RAILS

1987/88 High	Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
53	42	Greek 7pc Ass	45		3.50	f7.78
52	40	Do. 6pc 28 Stb. Ass	45xd		3	f6.67
50	45	Do 4pc Mixed Ass	45		2	f4.44
75	58	Hung. '24 Ass	75		2.75	f3.67
146½	122⅞	Hydro Quebec 15pc 2011	133⅞	–1	15.00	10.98
136¼	115½	Iceland 14½pc Ln 2016	123½	–¼	14.50	11.68
103½	94	Ireland 9¾pc '91–96	98¼xd	–1½	9.75	10.05

AMERICANS

1987/88 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
42	23⅝	Abbott Laboratories$.	26⅝	+¼	$1.00	–	2.1
40⅝	20⅛	Alcoa $1	23⅞		$1.20	–	2.8
18⅞	420p	♦Allegheny & W $0.01	573p	–2	30c	–	2.9
19	7	Amax $1	9	+	–	–	–
30⅝	13½	Amdahl 5c	18	+¼	20c	–	0.6
35⅞	18⅞	Amer. Cyanamid $5	25½		$1.05	–	2.3

Continued on next page

LONDON SHARE SERVICE

AMERICANS – Contd

1987/88 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
39⅞	21	Rep NY Corpn $5	25¾	+¼	[illegible]	–	2.6
18¾	8⅞	Rockwell Intl. $1	10½	+⅛	[illegible]	–	3.4
30½	16⅝	Sara Lee $1(1/3)	22⁷⁄₃₂	+⅛	[illegible]	–	2.9
11⅞	8⅞	Saul (B. F.) $1	10⅝	+⅛	[illegible]	–	1.1
27⅛	2⅛	Southwestern Bell $1	21½	+⅞	[illegible]	–	5.9
22⅞	994p	Staley Continental	12⅞		[illegible]	–	3.5
44⅞	21⅞	Sun Co. Inc. $1	30¾	+½	[illegible]	–	5.3
42⅛	22⅛	TRW Inc. $0.625	26⅝	–⅜	[illegible]	–	9.4
37⅞	21	Tenneco $5	22⁷⁄₃₂	+⅛	[illegible]	–	7.3
220	149½	Do. 10pcLn.Stk. 91-5	155		[illegible]		14.7
29⅝	15⅝	Texaco $6.25	21⅜	+⅝	[illegible]	–	7.7
74⅛	36⅝	Time Inc. $1	50⅜	+1⅜	[illegible]	–	1.1
30⅞	15	Transamerica $1	19⅜	+⅜	[illegible]	–	5.2
14⅝	1⅛	Transworld Corp $5	886p	+33	[illegible]	–	1.2
27⅛	12⅛	TRINOVA Corp.	17⅞	+⅛	[illegible]	–	1.8
24⅞	12⅞	USX $1	17⅜	–⅛	[illegible]	–	3.8
37⅞	16⅞	Utd. Technologies	21⅝	+⅛	[illegible]	–	3.6
38⅝	25⅞	US West3	31	+⅛	[illegible]	–	5.8
30½	17⅞	Waste Management $1	19⅞		[illegible]	–	1.0
31⅞	11⅝	Whirlpool $1.0	15⅜	+½	[illegible]	–	–
37⅞	16½	Woolworth $3½	23⅜	+⅛	[illegible]	–	3.1

CANADIANS

1987/88 High	Low	Stock	Price	+ or –	Div Gross	C'vr	Y'ld Gr's
691p	227p	ABM Gold Corp	260p	–8	–	–	–
26⅛p	10p	Abbot Energy Corp.	13p		–	–	–
18⅞	506p	Amer. Barrick Res.	10⅛	+⅛	–	–	–
141p	4p	American Lightwave	4p		–	–	–
122p	33p	Armeno	36p		–	–	–
117p	39½p	Augmitto Expln.	55p	–4	–	–	–
19⅞	10⅝	Bk. Montreal	11¾	+⅛	$2.00	–	7.5
10½	488p	Bk. Nova Scot.	559p	+12	72c	–	5.7
20⅞	15	BCE	17⅛	+½	$2.40	–	6.1
10⅞	511p	Bow Valley	678p	+13	40c	–	2.6
20	10⅛	Brascan	10⅝	+⅛	88c	–	3.6
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES – Contd

ELECTRICALS

ENGINEERING

ENGINEERING – Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INSURANCES

هكذا من الاصل

LONDON SHARE SERVICE

INSURANCES – Contd

1987/88 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
798	350	Refuge 5p	495	–5	15.75	–	4.7	–
595	345	Royal	382	–12	15.5	–	5.6	–
110	65	Sabre Ins. Invs.	78		–	–	–	–
*345	168	Sedgwick Group 10p	227	–3	12.9	1.7	7.9	9.8
339	138	Steel Burrill J.10p	179		9.8	2.0	7.3	9.5
612	303	Stenge Hldgs 20p	405	–10	8.5	♦	2.9	♦
£12¾	645	Sun Alliance	799	–31	23.5	–	4.0	–
£13	865	Sun Life 5p	£10¼		28.5	–	3.9	–
£69⅛	£36¼	Taisho M £0R	£49¾	+1	Q10%	–	0.9	–
£27¼	£12⅞	Torchmark $1.00	£16¼		Q$1.00	–	3.4	–
410	235	Trade Indemnity	367	–1	[illegible]	–	7.6	–
£34	£17½	Travelers $1.25	£22½	+1	[illegible]	–	5.8	–
£30¼	£15¼	USF & G Corp $2.50	£18¾		[illegible]	–	7.2	–
£33¼	£15½	USLIFE Corp. $1.0	£18⅞	–½	[illegible]	3.2	3.7	8.4
730	505	Wind Friendly 8 10p	585	–30	[illegible]	–	5.7	–
464	192	Willis Faber 12½p	219	–6	[illegible]	2.4	6.7	8.3
128	41	Windsor Secs. 10p	53	–5	[illegible]	♦	2.1	♦

LEISURE

1987/88 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
35½	10	A & M Group 10p	13		–	–	–	–
242	77	Airtours 10p	98	–4	L6.4	[illegible]	[illegible]	11.4
*349	253	Anglia TV	416	–1	14.5	♦	[illegible]	♦
194	77	Aspinall Hldgs. 10p	145		6.0	[illegible]	[illegible]	22.3
141	62	Avenco 1p	80	–2	0.5	[illegible]	0.8	22.6
72	40	BBCE Hldgs 5p	42	+½	L1.0	[illegible]	[illegible]	15.6
300	132	Barr & W.A.T. 'A'	230		8.0	[illegible]	[illegible]	17.1
58	21	Bond Media	22		–	–	–	–
235	165	Boosey & Hawkes	172	+2	–	–	–	–
85	28	Border T.V.	[illegible]	–9	1.4	[illegible]	[illegible]	11.6
*437	432	Brent Walker 10p	385	–17	10.5	[illegible]	[illegible]	14.7
124	79	Do 8pc Cv.Cm.Rd.Pf.	96	–3	6.0	[illegible]	[illegible]	–

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING, ADVERTISING – Contd

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES – Contd

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS, FINANCE, LAND – Contd

Finance, Land, etc

OIL AND GAS

OIL AND GAS – Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES – Contd

Tins

Miscellaneous

THIRD MARKET

NOTES

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

IRISH

TRADITIONAL OPTIONS

3-month call rates

Industrials

Property

Oils

Mines

A selection of Options traded is given on the London Stock Exchange Report Page

LONDON STOCK EXCHANGE

Account Dealing Dates			
First Dealings	Option Declarations	Last Dealings	Account Day
Jan 11	Jan 21	Jan 22	Feb 1
Jan 25	Feb 4	Feb 5	Feb 15
Feb 8	Feb 18	Feb 19	Feb 29

*New time dealings may take place from 9.00 am two business days earlier.

Government bonds and equities fall heavily on interest rate uncertainty

THE CITY of London's renewed concerns over inflation and interest rates deepened significantly yesterday as Ford Motor's UK plants were halted by the first strike for a decade. A sharp rise in London money market rates set the stage for s slump of more than 40 FT-SE points in equities, taking the FT-SE 100 index below 1700 for the first time since December 16. There were losses of more than s full point in Government bonds, although Index-linked Government securities, again sustained by their inflation-hedge properties, suffered only moderate falls.

With the Ford strike under way from midnight on Sunday, the securities markets opeoed on the downswing, and quickly extended their losses. At its worst point, the equity market was just over 50 points off and a lower opening on Wall Street took the heart out of London at the close.

The final reading on the FT-SE 100, at 1694.5, showed a net loss on the day of 43.3 points, with the loss of 2.5 per cent representing a fall of £9.23bn in equity market values, according to Datastream.

Selling was moderate with the institutions largely cootent to stay out of the way. The market broke through an important support level of FT-SE 1710, and the chart experts were little impressed when it bounced at 1687, the next testing level.

Miss Amanda Sells, chartist at Chase Manhattan, believes that even if the market manages a technical bounce this week, it will soon be testing FT-SE 1640, after which 1600 could be the next stop.

The fear that the worsening labour situation could undermine the Government's anti-inflationary policies, and revive upwards pressures on interest rates, took London three month money rates up to 9½ per cent at first, signposting another half point increase in bank base rates. The City held its breath at mid-session, when the Bank traditionally acts on interest rates, and remained apprehensive although the deadline passed without incident. Some analysts still believe that another base rate hike is possible before Budget Day, March 15.

Government boods were in a similarly negative mood as they moved into a week to be featured on Friday by both the latest US trade figures, and also the UK Retail Price Index, the chief indicator of domestic inflation. Yesterday brought confirmation of UK consumer credit expansion, which grew 4 per cent to £36.4bn over the three months to December, but of a slight moderation in producer prices.

Bond prices fell by nearly two points initially as the City anxiously awaited the deadline for a base rate move. Selling was light, however, with little sign of retail pressure. By the close, the longer dates had steadied to show net losses of just over a point. Treasury 13¾ per cent '02-08 ended 1⅜ down at 131½. Short dated issues, reflecting money market worries, lost around ⅛ of a point.

Index-linked stocks, which are expected to move higher if inflation concerns continue, were again restrained by the £200m of new supply on offer at the Bank of England. However, losses were held to ⅛ or so.

British Telecom dipped 5 to 234p, after 232p and attracted a turnover of 9m shares; Chase Manhattan Securities were again strong buyers of the stock after re-iterating their "buy" recommendation ahead of the third quarter figures scheduled for February 25.

Mr Patrick Hickey, Telecom watcher at Chase, is predicting third quarter pre-tax profits of £590m for Telecom against s comparable £506m last year. For the full-year, he forecasts £2.3bn against £2.07 bn. "BT", says Hickey, "is the classic defensiveand is benefiting from high UK and international traffic volumes".

Calor Group lost a further 18 to 545p on a turnover of 1.7m shares with another parcel of 1m shares traded at 540p. The 1m shares were thought by dealers to have represented further selling by **Burmah** who last week were rumoured to have sold a stake of around 2 per cent of Calor and were seeking to unload the remaining 2 to 3 per cent they held.

Burmah gave up 11 to 474p despite Press comment that Middle Eastern interests may be considering a bid for the group. Other oils continued to lose ground after the recent brokers' circulars advising profit-taking in the sector, and despite the improvement in crude oil prices yesterday.

BP settled s fraction off at 256p with 10m changing hands while the partly-paid where 11m were traded- dipped 2 to 75p with the Kuwaitis thought to have added to their stake.

The slump in share prices weighed heavily on the banking and financial sectors which fell sharply before picking up slightly late in the session.

The clearers, where the first of the preliminary reports, those of NatWest, are due on February 23, remained unsettled and **Barclays** dipped 14 to 459p, **Midland** 22 to 385p, **NatWest** 20 to 575p and **Lloyds** 9 to 249p.

A warning of severe weather in the UK from midnight last night triggered a flurry of selling in the insurance sector with particular emphasis on the composites. **Royal Insurance**, where the shares even recently have still been suffered from profits downgradings after the October weather storms, fell to 375p before rallying to close a net 12 down at 382p despite then fact that it is believed to have purchased reinsurance of around £75m as from January 1 this year. BZW is currently advising clients to reduce their hoidings in Royals ahead of the February 25 figures. **Commercial Union** closed 9 off at 307p, after 302p, **General Accident** lost 15 to 809p and **GRE** 12 to 839p. **Sun Alliance** dropped 31 to 799p.

Legal and General picked np well late to settle only 2 off at 257p in the wake of substantial switching into the shares from **Prudential** -- a move recommended by BZW and UBS Phillips and Drew.

Gold processors **Waverley Mining Finance** staged a staisfactory market debut given the general malaise, the shares holding steady around the placing price of 80p.

Guinness were one of few Brewery majors to attract the interest of institutional investors at the lower price levels. The buying was sporadic but sufficient to cushion the fall in the shares which, after a turnover of 2.4m, settled only 4 lower at 271p. Volume in other sector leaders was smaller and the losses were more severe. **Allied-Lyons** dipped 6 to 324p, **Bass** gave np 15 at 760p and **Whitbread "A"** slipped 6 to 276p. Regiooal issues also trended lower with the exceptioo of **Eldridge Pope "A"**, up 4 at 348p. Distillery shares were supported by a bullish circular on propsects for the whisky market from the Scottish broking house of Campbell Neill, a subsidiary of Hoare Govett Financial Services. **Macdonald Martin "A"** rose ½ to £11⅝.

The interest-rate sensitive Building sector came back quite aharpiy. Losses stretched to double figures with **Redland** under pressure and finally 14 lower at 405p. **Tarmac** dipped 16 to 213p and **George Wimpey** gave up 14 to 225p in a weak housebuilding sector.

ICI closed some 37 lower at 988p mirroring the overall market weakness coupled with persisting rumours that the company could announce a rights issue, or stock placing, to fund the acquisition of Erbamont NV, the pharmaceutical company controlled by Montedison.

The stores sector endured another dreary session with worries over a possible interest rate increase triggering a fresh bout of selling pressure. The final figure for retail sales in December was bang in line with estimates and analysts are now focussing on the provisional retail sales figure for Janoary which is scheduled to be announced on Monday.

WH Smith "A" were particularly weak, closiog 9 off at 284p after analysts at two securities houses were thought to have lowered their profits estimates for the company. **Ward White** were well supported and were only a shade easier at 303p after Wood Mackenzie, part of County NatWest, and Morgan Grenfell issued "buy" recommendations.

Amstrad were extremely active(turnover topped 6m shares) and ran back 10 to 131p ahead of the interim figures scheduled for Thursday. Analysts' estimates range from around £80m to £85m with the majority at the top end. **GEC**, where 12m shares changed hands, dipped 3 to 150p, and **Plessey**, due to announce third quarter results on February 18, eased 4 to 142p.

DDT Group jumped 5 to 67p in response to news that **Apricot Computers** has acquired a 132.18 per cent stake in the company.

Suppliers to the motor industry came under fresh selling pressure as the market began to worry about the repercussions from the Ford Motor industrial dispute. **Pilkington** dipped 11 to 209p in a volume of some 3.3m shares while **GKN** tumbled afresh to close 17 cheaper 279p; around 1.4m shares changed hands in the latter. Other Engineering issues also recorded some hefty losses. **Hawker** were noteworthy for a fall of 16 at 442p along with **TI Group** which lost a similar amount to 298p. A brisk trade developed in **Rolls-Royce**, down 5 at 124p, as some 5.4m shares passed through the Seaq system. US acquisitioo news failed to benefit **Simon** which gave up 10 to 249p. **Birmid Qualcast** eased 7 to 361p as Blue Circle's battle for control of the former moved into its final week.

Friday's disclosure that Hillsdown Holdings had built a 3.57 per cent stake in the company failed to sustain **Tate and Lyle** yesterday which fell away to close 17 lower at 792p. Among other Food Manufacturers, **United Biscuits** dipped 12½ to 258p as the market anticipated the acquisition of frozen foods supplier Ross Foods. **Cadbury Schweppes** were dull at 238p, down 7 and **Dalgety** shed a similar amount to 316p, the latter not helped by cautious comment from analysts at Barclays De Zoete Wedd. **Unigate** dipped 8 to 281p as 1.4m shares changed hands including a block of 1.1m at 285p.

Retailers featured featured a lively turnover in **J. Sainsbury**, (2.6m shares) with the price 7 off at 220p; 711,000 shares went through the system at 218p with another block of 500,000 shares traded at 220p. **ASDA-MFI** gave up 6 at 167p and **Tesco** shed 5 to 148p, the latter despite a recommendation from Wood Mackenzie, the County NatWest subsidiary.

The major international stocks were hard hit in the general retreat. Double figure losses were commonplace but the volume of trade again left a lot to be desired. **Hanson**, 3½ lower at 126p, were one of the more active stocks (some 5.7m) in the wake of news of the sale by Kaiser Cement of its Lucerne Valley plant for approximately $195m. The City is expecting further sale news from Hanson with the Ross Young frozen foods business thought to be the the next likely disposal. **BOC** weakened 16 to 374p awaiting the announcement of first quarter figures on Thursday. **Glaxo** fell 19 to 975p in a volume of some 2.4m shares. **Beecham**, a recent favourite with a number of city analysts, tumbled 15 to 455p. Other pharmaceuticals to give ground included **Fisons**, 9 cheaper at 246p, and **Wellcome**, 8 lower at 395p.

The threat of industrial action by aircraft engineers over a two-year pay deal made for unease in **British Airways** which fell away to close 8 down at 148p. Around 5.7m shares changed hands. **Reuters**, scheduled to reveal preliminary figures shortly, remained a friendless market and dipped 43 more to 440p. **Rank Organisation**, a particularly good market of late, ran into selling and reacted 15 to 607p while **Granada**, also a receot favourite, fell 11 to 317p. Acquisition news failed to help **AAH** which dipped 14 to 287p but **Smiths Industries**, down 6 at 224p held up reasonably well after news of the US Navy contract for the supply of avionics equipment for the T45 Goshawk jet trainer. Dealings were temporarily suspended in **TSL** at 105p; the company subsequently announced an agreed offer worth 135p cash from Compagnie Saint-Gobain.

The implications of the Ford strike took a toll on the Motor sections. **Lucas Industries**, the leading component manufacturer, fell 15 to 580p while **Kwik-Fit** were similarly hard hit and lost 10 to 176p. Distributors also suffered with **Perry** dipping 15 to 190p and **Jessups** 10 to 160p. **Trinoco** gave up 4 at 29p but **Rover** edged higher on hopes that the group may increase its market share and ended 4 up at 68p. **Jaguar** tumbled with other internationals to close 14 down at 319p.

Newspaper and Printing shares recorded numerous double-figures losses including **United**, 13 lower at 415p, and **Maxwell Communication**, 12 off at 238p. Advertising Agencies went in the same direction with **Saatchi & Saatchi** 21 easier at 407p and **WPP** 17 cheaper at 421p. Irish-based **Jefferson Smurfit** slumped 27 to 368p while **FKB** were another notable loser at 215p, down 15. **Waverley Cameron**, the Scottish stationery maker, moved against the trend, gaining 30 to 510p on the increased standby offer of 520p per share cash from Mr James Gulliver's Sanda Investments.

P & O were additionally affected by continuation of the NUS strike at the ports of Dover and Fleetwood and the shares closed 16 down at 523p.

Courtaulds led the retreat in Textiles, falling 13 to 299p, while both **Illingworth Morris**, 133p, and **SEET**, 139p, gave up around 10 apiece. The warning that the forecast significant second-half recovery would not be forthcoming depressed **Corah**, the Marks and Spencer supplier, which ended 10 down at 71p.

BAT Industries dropped 14 to 417p and **Rothmans International** also registered a sizeable loss at 390p, down 11; the half-yearly results of latter's 50 per cent-owned Australian subsidiary made little impact.

Traded option business rose sharply, the total number of contracts expanding to 39,212 made up of 23,526 calls and 15,686 puts. British Gas were active, registering 3,433 calls, 2,783 of which were in the April 140's. Hanson contributed 2,952 calls and 1,242 puts. The FTSE contract attracted 1,818 calls and 4,645 puts.

FINANCIAL TIMES STOCK INDICES

	Feb. 8	Feb. 5	Feb. 4	Feb. 3	Feb. 2	Year Ago	1987/88 High	1987/88 Low	Since Compilation High	Since Compilation Low
Government Secs	88.17	89.08	89.25	89.50	89.35	86.12	93.32 (8/5/87)	83.75 (19/10/87)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	94.77	95.59	95.74	95.79	95.69	92.80	99.12 (15/6/87)	90.23 (2/1/87)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1349.0	1387.1	1410.9	1413.2	1420.1	1516.6	1926.2 (16/7/87)	1232.0 (9/11/87)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	249.0	251.0	241.7	253.1	257.3	319.2	497.5 (4/8/87)	241.7 (4/2/88)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.63	4.50	4.43	4.42	4.39	3.74				
Earnings Yld. %(full)	11.66	11.34	11.18	11.16	11.09	8.80				
P/E Ratio (net)(*)	10.48	10.77	10.93	10.95	11.02	13.92				
SEAQ Bargains (5pm)	27,892	27,484	22,715	23,648	24,230	53,746				
Equity Turnover (£m)	-	1019.98	1167.51	961.61	1012.51	2217.36				
Equity Bargains	-	32,179	28,495	26,200	28,548	62,046				
Shares Traded (ml)	-	455.8	425.1	382.1	368.0	657.9				

S.E ACTIVITY

Indices	Feb.5	Feb.4
Gilt Edged Bargains	138.1	130.9
Equity Bargains	208.5	184.6
Equity Value	2061.6	2359.8
5-Day average		
Gilt Edged Bargains	152.8	161.3
Equity Bargains	200.0	193.5
Equity Value	2072.9	2121.6

♥ Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1365.5	1358.3	1351.0	1350.9	1351.5	1350.8	1344.2	1348.4

Day's High 1365.5 Day's low 1343.6

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, S E Activity 1974, * Nil=10.39.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-0898 123001

NEW HIGHS AND LOWS FOR 1987/88

NEW HIGHS (2).

AMERICANS (1) Premark Int., PAPERS (1) Waverley Cameron.

NEW LOWS (67).

LOANS (2) AMERICANS (1) CANADIANS (1) CHEMICALS (1) STORES (4) ELECTRICALS (8) ENGINEERING (2) FOODS (2) INDUSTRIALS (7) PROPERTY (3) TRUSTS (14) OILS (3) MINES (18) THIRD MARKET (3).

Traditional Options

- First dealings Feb 1
- Last dealings Feb 12
- Last declarations May 5
- For Settlement May 16

For rate indications see end of London Share Service

Dealers reported a fairly brisk trade in the Traditional option market. Stocks favoured for the call included **Australian Consolidated Minerals**, **Whim Creek**, **Folkes Group**, **Homestake Mining**, **Geo. Wimpey**, **Benjamin Priest**, **Stormgard**, **Camford**, **North Kalgurli**, **J. Smurfit**, **Charterhall**, **CI Group**, **BSG International**, **Glencor**, **Explaura**, **Dewey Warren** and **Golconda**. Puts were arranged in **Amstrad** and **Lasmo**, while a double option was transacted in **MY Holdings**.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Stock	Volume 000's	Stock	Volume 000's
ASDA-MFI	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	2	112	1
Corporations, Dominion and Foreign Bonds	4	37	14
Industrials	139	1,041	385
Financial and Properties	45	410	176
Oils	18	56	38
Plantations	0	7	8
Mines	36	78	84
Others	105	80	75
Totals	357	1,818	779

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1987/88 High	1987/88 Low	Stock	Closing Price £	+ or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1987/88 High	1987/88 Low	Stock	Closing Price p	+ or -	Net Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1987/88 High	1987/88 Low	Stock	Closing Price p	+ or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

Londons Airports

The Financial Times proposes to publish this survey on:

18th March 1988

For a full editorial synopsis and details of available advertisement positions, please contact:

Tim Kingham on 01-248 8000 ext 3606

or write to him at:

Bracken House 10 Cannon Street London EC4P 4BY

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

LONDON TRADED OPTIONS

Option		Calls Apr.	Calls Jul.	Calls Oct.	Puts Apr.	Puts Jul.	Puts Oct.
Allied Lyons (*322)	300	35	42	-	5	18	-
	330	17	23	35	22	32	35
	360	5	15	23	40	50	53
Brit. Airways (*148)	140	13	23	28	6	12	14
	160	7	12	19	17	23	23
	180	2½	7	13	36	38	42
Brit. & Comm.	300	22	30	37	25	32	33
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Feb	Calls May	Calls Aug	Puts Feb	Puts May	Puts Aug
LASMO (*289)	280	20	42	55	8	32	43
	300	11	32	50	18	47	57
	330	2	18	35	43	60	70
P. & O. (*523)	500	27	48	65	5	27	40
	550	8	28	43	35	57	68
	600	-	13	-	-	95	-
Pilkington	200	11	27	32	5	13	23
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

February 8 Total Contracts 39,212 Calls 23,526 Puts 15,686

FT-SE Index Calls 1,818 Puts 4,645

*Underlying security price.

FT - ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at 27%)	Est. P/E Ratio (Net)	xd adj. 1988 to date	Fri Feb 5 Index No.	Thu Feb 4 Index No.	Wed Feb 3 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (209)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 Building Materials (30)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 Contracting, Construction (34)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Electricals (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 Electronics (32)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 Mechanical Engineering (57)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8 Metals and Metal Forming (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9 Motors (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10 Other Industrial Materials (24)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21 CONSUMER GROUP (184)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22 Brewers and Distillers (21)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25 Food Manufacturing (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26 Food Retailing (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27 Health and Household Products (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29 Leisure (31)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
31 Packaging & Paper (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32 Publishing & Printing (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34 Stores (34)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35 Textiles (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
40 OTHER GROUPS (92)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41 Agencies (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42 Chemicals (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43 Conglomerates (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45 Shipping and Transport (11)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
47 Telephone Networks (2)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
48 Miscellaneous (27)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 INDUSTRIAL GROUP (485)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51 Oil & Gas (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59 500 SHARE INDEX (500)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61 FINANCIAL GROUP (123)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62 Banks (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65 Insurance (Life) (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Insurance (Composite) (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67 Insurance (Brokers) (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68 Merchant Banks (11)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69 Property (52)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 Other Financial (30)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Investment Trusts (85)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81 Mining Finance (2)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91 Overseas Traders (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99 ALL-SHARE INDEX (718)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE 100 SHARE INDEX ♦	1694.5	-43.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

PRICE INDICES		Mon Feb 8	Day's change %	Fri Feb 5	xd adj. today	xd adj. 1988 to date
British Government						
1	5 years	122.37	-0.33	122.77	-	[illegible]
2	5-15 years	137.67	[illegible]	[illegible]	[illegible]	[illegible]
3	Over 15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Irredeemables	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	All stocks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Index-Linked						
6	5 years	124.72	[illegible]	[illegible]	[illegible]	[illegible]
7	Over 5 years	116.02	[illegible]	[illegible]	[illegible]	[illegible]
8	All stocks	116.57	[illegible]	[illegible]	[illegible]	[illegible]
9	Debentures & Loans	116.96	-0.71	117.83	[illegible]	[illegible]
10	Preference	86.67	+0.25	86.55	[illegible]	[illegible]

AVERAGE GROSS REDEMPTION YIELDS			Mon Feb 8	Fri Feb 5	Year ago (approx.)
British Government					
1	Low	5 years	[illegible]	[illegible]	[illegible]
2	Coupons	15 years	[illegible]	[illegible]	[illegible]
3		25 years	[illegible]	[illegible]	[illegible]
4	Medium	5 years	[illegible]	[illegible]	[illegible]
5	Coupons	15 years	[illegible]	[illegible]	[illegible]
6		25 years	[illegible]	[illegible]	[illegible]
7	High	5 years	[illegible]	[illegible]	[illegible]
8	Coupons	15 years	[illegible]	[illegible]	[illegible]
9		25 years	[illegible]	[illegible]	[illegible]
10	Irredeemables		[illegible]	[illegible]	[illegible]
Index-Linked					
11	Inflation rate 5%	5yrs	[illegible]	[illegible]	[illegible]
12	Inflation rate 5%	Over 5 yrs	[illegible]	[illegible]	[illegible]
13	Inflation rate 10%	5yrs	[illegible]	[illegible]	[illegible]
14	Inflation rate 10%	Over 5 yrs	[illegible]	[illegible]	[illegible]
15	Debs &	5 years	[illegible]	[illegible]	[illegible]
16	Loans	15 years	[illegible]	[illegible]	[illegible]
17		25 years	[illegible]	[illegible]	[illegible]
18	Preference		10.58	10.51	11.23

♦Opening index 1709.7; 10 am 1702.3; 11 am 1694.7; Noon 1695.0; 1 pm 1695.0; 2 pm 1695.0; 3 pm 1688.5; 3.30 pm 1689.8; 4 pm 1693.1

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

WORLD STOCK MARKETS

CANADA

TORONTO
Closing prices February 8

Sales	Stock	High	Low	Close	Chng
2000	Ulster P	188	186	185	+1
4500	U Entprise	$8¾	8⅝	8⅝	
13100	U Canso	54	52	54	+2
3800	Un Corp	$37½	37½	37½	
380	Vestgron	300	300	300	
15400	Vulcan Pac	185	175	180	
600	Wajax A	$10⅛	10⅛	10⅛	
12312	Wcoast T	$16⅞	16¾	16¾	
10850	Westmin	$9⅛	8	9	−⅛
8610	Weston	$30¾	30½	30½	−¼
1339	Woodwd A	455	450	455	+5

f—No voting rights or restricted voting rights.

MONTREAL
Closing prices February 8

Sales	Stock	High	Low	Close	Chng
40365	Bank Mont	$26	25¾	25¾	−⅛
7846	BombrdrA	$08⅛	08	08	−⅛
60950	BombrdrB	$08¼	07⅞	07⅞	−¼
12400	CB Pak	$17¾	17	17¾	+⅞
31283	Cascades	$06⅞	05¾	06¾	−⅜
7710	ConBath	$16⅝	16¼	16¼	−¼
12324	DomTxtA	$16	15⅝	16	+⅜
4362	MntTrst	$12¾	12½	12¾	+¼
30414	NatBk Cda	$10⅛	10	10⅛	+⅛
16442	Noverco	$11⅛	11	11⅛	−⅛
17521	Power Corp	$12¾	12½	12¾	+⅛
10690	Provigo	$09½	09⅜	09⅜	
0700	Repap Entr	$11¼	11¼	11¼	−⅛
500	RollandA	$09½	09½	09½	−⅜
81229	Royal Bank	$26¾	26⅜	26¾	−¼
3907	SteinbrgA	$41¾	41	41½	+½
4479	Videotron	$09⅜	09¼	09¼	−¼

Total Sales 8,111,237 shares

OVER-THE-COUNTER
Nasdaq national market, closing prices

Continued from Page 39

Stock	Sales (Hnds)	High	Low	Last	Chng
RepAm .24 11	1570	14⅝	14	14⅜	+ ¼
Reut/H .98e	11818	47⅞	45¾	46⅜	−3⅜
Rexon 9	420	5⅞	5¾	5⅞	− ½
RoyRy .78 7	694	17½	17	17⅛	− ⅜
RhonPl 1	23	d23	23		− ½
Ribdm	157	4½	4⅜	4½	
RchmHl .10e	580	20½	19⅞	20	
RiggsNt1.10 318	39	22¾	22¼	22¼	− ½
RoadSv1.10 24	256	30	29½	30	
RochCS.12e 10	165	10¾	10½	10¾	
SonocPa .52 18	432	23⅛	22	23	+ ½
Sonora	184	5⅛	4⅞	5	
SoundW 17	18	10⅝	10½	10⅝	
SCarNt .58 9	229	20⅜	20⅛	20⅛	− ¼
Sounel 82	20	14½	14	14	
SohldSv	232	18¼	18⅛	18⅛	
Soutrst .88 8	535	20⅞	19¾	20⅝	+ ⅜
Sovran 1.44 10	1323	36⅛	35⅝	35⅞	− ¼
Sparics 8	25	6¾	6⅝	6¾	
Standys .92 19	73	54⅝	54⅜	54⅜	
StdMic	402	5⅞	5½	5¾	− ⅛
StdRegs .44 17	325	22	21¼	21¾	+ ½
UnSpIC 18	210	22¾	22½	22½	− ½
UACm .04 40	124	25¾	25¼	25½	− ⅛
UBCol 28	293	16⅝	15⅞	16	− ⅜
UnCosF .55 8	103	19	18½	18¾	+ ¼
UHltCr	160	4¾	4½	4⅝	− ⅛
UtdSvrs .72 4	208	14¾	14½	14½	− ⅜
USBcp .80 8	573	24¾	24¼	24⅜	− ¼
US HltC .16 188	1127	7¾	7½	7½	− ⅛
USTrst 1.10 12	548	40¼	39⅝	39¾	− ½
UStatn .28 17	142	18½	17¾	18½	+ ⅜
UnTelev 71	208	24¼	24	24¼	+ ⅛
UnvFrs.03e 11	907	15½	15	15¼	+ ¼
UnvHlt .33e 43	214	4⅞	4⅝	4¾	+ ⅛
UnvMed.30a 10	195	5 1-16	4⅞	4 15-16	− ⅛
XOMA 38	17	10⅝	11		
Xicor 22	4348	7⅜	7⅛	7⅛	
Xidex	835	7¼	6¾	6¾	− ⅜
Xylogic 9	2899	8¼	8½	9	− ¼
Xyvsn 35	375	4⅞	4½	4⅞	+ ¼
YlowFs .62 19	346	28⅜	27¾	28	− ¼
ZionUt 1.44	25	25	24	25	
Zondvn	99	8½	0¼	8½	+ ⅛
Zycad	182	3⅞	3¾	3⅞	

CHIEF LONDON PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Manders	333	+	7

FALLS

Treas 13½% 2004/08	£131	−	2
Treas 2½% IL 2003	£106¼	−	½
BAT Inds.	417	−	14
BOC	374	−	16
Britannia Arrow	89	−	9
Calor	545	−	18
Corah	71	−	10
Courtaulds	299	−	13
FKB Group	215	−	15
GKN	279	−	17
Hammerson A	494	−	23
ICI	988	−	37
Inchcape	653	−	23
Jaguar	319	−	14
Lucas Inds.	580	−	15
MEPC	435	−	17
Maxwell Comm.	238	−	12
Midland Bank	387	−	20
NatWest Bank	576	−	19
P & O. Defd.	523	−	16
Perry Group	190	−	15
Redland	405	−	14
Reuters B	440	−	43
Royal Ins.	382	−	12
Saatchi & Saatchi	407	−	21
Sun Alliance	799	−	31
Tarmac	216	−	13
United Biscuits	256	−	12½

TOKYO - Most Active Stocks
Monday, February 8 1988

	Stocks Traded	Closing Prices	Change on day
Konica	22.32m	940	+10
Minebea	18.03m	810	+16
Nisshin Steel	9.28m	599	+0
Mitsui And Co	6.47m	730	+19
Kobe Steel	6.40m	300	+0
Nippon Steel	6.20m	387	+1
Nihon Cement	5.80m	812	+4
Sumitomo Heavy Inds	5.75m	551	+50
Kawasaki Steel	5.19m	339	+5
Toshiba	4.66m	729	+6

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NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued on Page 39

هكذا من الأصل

NYSE COMPOSITE CLOSING PRICES

Continued from Page 38

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
4	1¼	Winner				104	3⅛	2¾	3	
27½	21	WisEn s1.44		5.7	18	961	25⅝	25⅜	25⅜	−⅛
53⅞	42½	WisPL3.24		7.1	11	13	45½	45¾	45¾	−¾
29⅝	18⅞	WisPS s1.54		8.3	11	67	22¾	22½	22½	−¼
47⅜	28⅝	Witco	1.28	3.8	12	168	33⅝	32½	33¼	+½
10½	9	WolvTc .20		1.7	3	84	12¼	12	12	−¼
14	7½	WolvrW			80	116	10⅛	10	10	
59⅜	29½	Wlwth s1.32		3.3	11	915	40¼	39¾	39⅞	−⅜
9⅜	5	WrldCp				4	6⅞	6⅞	6⅞	
19½	10⅝	WrldVl				29	12¾	12½	12½	
31⅛	39	Wrigly 1.04a		1.4	21	223	74⅝	71¾	72¼	−2⅜
3⅛	7	Wurltzr				98	1¼	1⅛	1⅛	−⅛
17½	7	WyleL s .28		3.8	18	14	9½	9⅜	9⅜	−¼
30⅝	14½	Wynns	.60	3.2	15	61	18¾	18½	18⅝	−¾
		X Y Z								
85	28	Xerox	3	5.6	10	2983	53⅞	53	53¾	+⅛
58¼	52½	Xerox pf5.45		10.		482	54	53¾	53¾	
31½	19⅝	XTRA	.64	2.3	14	132	27⅜	26½	27⅜	+⅛
28¼	19½	XTRA pf1.94		7.7		29	25¼	25	25¼	
33⅞	17⅛	YorkIn			11	76	26¼	25⅝	25⅝	−⅜
7¼	2¼	Zapata				946	3¼	3	3⅛	−½
37	13½	Zayre	.40	2.2	7	2714	18¼	17½	18	
16⅛	8¾	Zemex	.40	3.9	13	5	10⅝	10⅜	10⅜	−¼
33⅝	10	ZenithE				275	15	14¾	14¾	−⅛
13½	2½	ZenLab				124	3	2⅞	2⅞	−⅛
25½	13½	ZenNtl	.80	4.5	9	8	17¾	17⅝	17¾	−⅛
20⅜	11⅛	Zero	.36	2.5	15	x25	14⅞	14½	14⅝	−⅛
30¾	15	Zurnin s .88		3.2	14	230	21½	21	21½	−⅛
10⅝	7⅞	Zweig 1.08e		12.		329	9⅜	9¼	9¼	−¼

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls - sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued on Page 37

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AMERICA

Dow weighed down by economic uncertainties

Wall Street

UNCERTAINTIES about the direction of the economy, the trade balance and US Federal Reserve interest rate policy are likely to dominate trading in the equity market this week, *writes Janet Bush in New York.*

The two major events this week are the meeting of the Federal Open Market Committee today and tomorrow and Friday's publication of December trade figures.

The market made a weak start to the week as US equities were undermined by a decline in US Treasury bond prices and a fall in the London stock market which is unsettled by several industrial disputes.

The Dow Jones Industrial Average dropped around 20 points almost as soon as the market opened, partly on stock index arbitrage programmes, and then stabilised at around that level for most of the morning. By the close, the Dow had drifted above its lows to close 14.76 points lower at 1,895.72.

The equity market has increasingly suffered from the view, which now appears to be in the ascendant, that the US economy is slowing down considerably and that the US Federal Reserve will ease monetary policy. Although lower interest rates are normally a positive influence for equities, they are failing to reap the benefit from speculation of looser monetary policy partly because US bonds are becoming such an attractive option for many investors.

Bonds are regarded as less volatile than stocks, there are no regulatory uncertainties hanging over the fixed interest sector and lower interest rates are unambiguously good for bonds.

The bond market has rallied remarkably in the last two weeks on the back of several economic releases suggesting slower economic growth.

However, there is no easily discernable pattern in the inter-relation of the two markets. Sometimes, equities move lower as bonds rally and funds flow out of stocks into fixed interest. Even so, when the bond market is falling, equities appear to suffer as they did yesterday morning.

The Treasury's benchmark 8.875 per cent 30-year issue closed around ⅝ lower to yield 8.36 per cent.

Some analysts said the equity market was weak despite the fall in bond prices because the tone of the market remains good and there is an expectation that bonds will rise again once the current bout of profittaking has run its course.

Both markets will be watching the FOMC meeting carefully amid widespread expectations that the Fed will err towards easing monetary policy. While both markets are vulnerable if there is no sign of easing, they could also weaken if the Fed does decide to ease and that were to undermine the dollar. In a week when trade is again in focus, the reaction of currency markets to news will once again be important.

In the equity market, blue chip issues were mostly lower. General Electric slipped $⅛ to $42¼, Proctor & Gamble was unchanged at $81⅞, Johnson & Johnson lost $⅜ to $76⅜, American Telephone & Telegraph declined $¼ to $28¾ and IBM fell $⅛ to $107⅞.

Among the biggest movers yesterday was Dun & Bradstreet and market research company I.M.S. International after news that Dun & Bradstreet had agreed to acquire I.M.S. for about $1.77bn or around $42.45 a share. I.M.S. surged $6⅛ to $37⅛ while Dun & Bradstreet fell $3⅜ to $49⅝.

Ford Motor Co fell $⅜ to $40⅛. Ford workers in Britain launched a nationwide strike at midnight last night, so stopping production at Ford's 22 plants where the company build around 2,300 vehicles a day.

Primerica Corp slipped $½ to $37⅞. The company announced it had signed an agreement in principle to sell its Musicland subsidiary to a group of investors for a total of about $410m.

High Voltage Engineering added $⅛ to $17⅛ after news its board had unanimously rejected a hostile $17 a share tender offer from Hyde Park Partners.

J P Stevens and Co jumped $12⅛ to $45⅜ after its announcement that it had received a leveraged buy-out offer from a management group worth around $38 a share in cash and $5 in market value of junior subordinated debentures for each Stevens common share.

Among companies reporting their latest results were Occidental Petroleum which fell $⅛ to $26⅛ after the company announced net earnings of $1.06 per share in 1987 compared with 73 cents a year earlier. Greyhound Corp slipped $½ to $26⅛ after its announcement of net earnings in the fourth quarter of 48 cents a share compared with 39 cents a year earlier.

Transamerica fell $½ to $33⅛. The company announced net earnings from continuing operations of 95 cents a share in the fourth quarter compared with 56 cents a share a year earlier.

Canada

TORONTO stocks, tugged lower by falling oils, industrials and mines, posted a decline in quiet trading as investors waited for the release on Friday, of the US trade figures for December.

The composite index lost 21.1 to 2977.9 as declines outnumbered advances by 458 to 311 on light turnover of 16.7 mln shares.

"We have a strong Canadian dollar. That put a damper on the resource sector," said Mr Joseph Ismail of Walwyn Stodgell Cochran Murray. "Forest products issues are being most affected by the strong dollar," said Ismail.

Base metals were mostly lower. Alcan Aluminium fell C$1⅛ to C$30⅛, Falconbridge C$⅛ to C$17⅞ and Inco C$⅛ to C$22⅞. Forest products were also broadly lower.

SOUTH AFRICA

GOLD SHARES lacked direction in Johannesburg as the bullion price swung from a lower start to a firmer close of over $440.

An easier rate for the financial rand provided some support in the latter part of the session, but leading golds nonetheless ended mixed.

Vaal Reefs was down R11 at R268, Driefontein lost 50 cents to R32.50 and Western Deep shed R3 to R104.

The uncertain mood pulled down trading volumes, and normally active Anglo American and De Beers saw no movement for the first couple of hours. They both ended the day 25 cents higher at R46 and R24.25.

Tim Dickson in Brussels examines how small shareholders have been left out in the cold

'Belgian dentist' bids farewell to La Générale battle

THE PROVERBIAL "Belgian dentist" – shorthand on continental bourses for the small shareholder – almost certainly took his final bow yesterday in the dramatic bid battle for Société Générale de Belgique.

At the end of another hectic trading session on the Brussels Stock Exchange – around 3.4m La Générale shares, or 12 per cent of the total, changed hands as the price leapt a further 15 per cent – analysts predicted that the bulk of the company's capital now belongs to one or other of the major camps, or their "friends", and that uncommitted individual shareholders in the company may have all but disappeared.

"Everyone we knew who was not directly involved has sold," one stockbroker who did not wish to be identified said last night.

This transformation is nothing short of remarkable. Up to a few months ago only 28 per cent of La Générale's capital was held by so-called "stable" shareholders whose names were known to the board, with the rest spread literally between hundreds of thousands of unidentified individuals, many of them inheritors of a few shares passed down by their parents or grandparents.

Mr de la Genière: friendly

No reliable records exist because shares in Belgium are held in bearer (unregistered) form and their owners, wary of attracting the attention of the Belgian tax authorities, hardly ever turn up to annual meetings where their company's business is discussed.

This tradition of minimal shareholder participation is what lulled the Géoérale board into believing its authority could never be challenged. But the widely diversified spread of ownership and lack of any large individual stakes was also what gave Mr Carlo De Benedetti, the Italian businessman, the opportunity to mount his audacious bid.

With the Générale share price virtually doubling so far this year and a growing number of interested parties vying to increase their stake in the company, the Belgian dentist has, arguably, seldom had it so good.

Many in Brussels, however, feel the events of the last two to three weeks have too often left the small shareholder uninformed and at a real disadvantage to other investors in the market. Last week's frantic "off bourse" dealing – when a group of wealthy Flemish individoals are thought to have sold 4m shares to Paris-based institutions friendly to the Générale board, notably the Suez group headed by Mr Renaud de la Genière – is being widely cited as a case in point. The price paid is known to have been BFr4,000 per share, against only BFr3,600 in the market.

Mr De Benedetti: bold bid

The role of the Banking Commission – the government-appointed body which polices stock market activity and is meant to safeguard the interests of all shareholders – has come in for sharp criticism. There is no doubt its decision to delay approval of Mr De Benedetti's partial offer has created considerable uncertainty in the market and inspired much of the recent undisciplined buying.

Société Générale has installed a special phone to deal with shareholder enquiries in the present uncertainty. "People who rang me mostly feel that they don't have any control over the situation, they feel rather helpless," said the man taking the calls last night.

Takeover activity enlivens Paris, Brussels

TAKEOVER talk continued to buzz around trading floors in France and Belgium yesterday and spread further afield as bearish investors in Europe latched onto any factor moving the markets higher, *writes Our Markets Staff.*

The firmer dollar gave little cheer although selected West German blue chips advanced in cautious trading.

PARIS turned mixed as profit-taking set in after five consecutive advances, but intense takeover speculation continued to lift turnover as low p/e ratios and weak shareholding bases have left many companies vulnerable.

Tradlog in liqueur maker Benedictine was suspended at Friday's closing price of FFr5,800 after Italian drinks group Martini bid FFr6,550 a share, topping Remy Martin's FFr6,200 a share offer for a maximum 60 per cent.

The CAC index climbed 5.8 to 276.4 but did not reflect the later slip in prices.

Arms and electronics group Matra was re-quoted at FFr123, an 11.8 per cent premium on its issue price of FFr110, after last month's flotation.

BRUSSELS was led sharply higher by frantic trading in Société Générale de Belgique which soared BFr610 to BFr4,360 as the battle for its control intensified.

The Brussels stock index advanced 138.22, or 3.3 per cent, to 4,340.76 as other issues followed La Générale higher.

Petrofina put on BFr425, or 4 per cent, to BFr11,625 as it continued to rebound after falling on lower results last week.

Takeover speculatioo surrounding Petrofina was not ruled out by analysts, although it seems unlikely due to its strong shareholding base. Also, most other blue chips have been climbing on the back of La Géoérale.

Solvay rose BFr400 to BFr10,850 and UCB put on BFr390 to BFr8,100.

FRANKFURT was left marginally higher as an early rally on the higher dollar ran out of steam amid profit-taking.

The Commerzbank iodex firmed 9.2 to 1,268.9 and the FAZ index put on 3.19 to 415.98.

Cars were fuelled by the dollar, with Daimler-Benz rising DM5.50 to DM577.50 and BMW adding DM2.50 to DM501.50.

Elsewhere, price movements were narrow. Chemicals and banks were modestly higher while retailers and steel stocks slipped.

Bonds firmed despite some profit-taking in an otherwise quiet market. The Bundesbank sold DM82.5m of paper after selling DM55.9m on Friday.

AMSTERDAM slipped lower after Wall Street's weak opening depressed nervous investors. The ANP-CBS lost 1.4 to 218.4 in uninspired trade.

Trading in shares of publishers VNU and Audet was temporarily suspended pending the outcome of a court case after a group of Audet shareholders rejected an agreed Fl 260m bid by VNU for Audet. VNU's last quoted price was Fl 65.20.

The higher dollar failed to impress blue chips. Akzo gave up 70 cents to Fl 89.50, Philips eased 20 cents to Fl 24.70 and Unilever was down Fl 2.30 at Fl 107.

ZURICH remained cautious and early confideuce in the higher dollar dissipated as the Londoo market declined.

Most sectors eaded little changed but moderate gains in engineerings lifted the Crédit Suisse index 3.3 to 426.8.

In the machinery sector, speculation about a link-up between Sulzer and Schindler saw their share prices rise SFr125 to SFr8,750 and SFr60 to SFr4,200 respectively.

MILAN returned to lower ground after Friday's brief respite. The MIB index lost 12, or 1.44 per cent, to 892 and share prices continued to fall in active after-hours dealing.

Investors continued to unload shares in the Ferruzzi-Montedison group and mutual funds sold off blue chips in a nervous market which ignored Friday's passage of the 1988 budget six weeks behind schedule.

Iniziative Meta, Montedison's finaocial services holding, dropped L30 to L8,655 before tumbling to L8,500 in post-settlement trading.

MADRID edged higher as modest gains in utilities, banks and chemicals offset narrow losses in building stocks and foods.

STOCKHOLM closed broadly mixed as heavy profit-taking and the fall in London extinguished a sharp rise on news that a three-week old strike by white-collar workers had ended.

Ericsson, due to announce 1987 figures today, ended unchanged at SKr203.

OSLO closed margioally higher, supported by good gains in oils. The all-share index added 1.30 to 255.56.

London falls back sharply on inflation fears

GOVERNMENT bonds and ordinary shares suffered heavy losses in London as the onset of the strike at Ford Motor's manufacturing plants revived fears of domestic inflationary pressures, ***writes Terry Byland***

With the large institutions backing away from blue chips, equities suffered their biggest one-day fall this year. The FT-SE 100 Index fell 43.3 to 1,694.5, wiping £9.23bn ($16bn) off the market's value.

Bonds fell by 1½ points as a jump in London money market rates raised the possibility of another increase in bank base rates before the Budget on March 15.

Mr Peter Warburton, economist at Shearson Lehman Securities, warned that base rate prospects will hinge on sterling's performance against the D-Mark. If the pound dips to DM2.95, he believes "there will be no pussyfooting this time. It will be a full point rise in base rates".

Speculators dominate thin trading

Tokyo

INSTITUTIONS and individuals remained on the sidelines in Tokyo yesterday, leaving much of the activity to speculators who continued to buy smaller capitals listed in the second section, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei average fell towards the close on profit-taking and ended 19.59 lower at 23,771.60, after moving between 23,770.55 to 23,845.85. Volume shrank to 413m shares from 543m on Friday. Advances just outnumbered declines by 432 to 427, with 164 issues unchanged.

Activity was dampened by the continuing absence of fresh incentives and the reluctance of many investors to participate in what they consider to be an uncertain market, especially in the run-up to Friday's US trade figures for December.

The 10 most active stocks of the session were all priced at less than Y1,000. Konica was the most active issue with 22.32m shares changing hands. The photographic film producer has been rising since early last week on a rapid improvement in its business. Rumours yesterday of a large purchases sent the share Y10 higher to Y940.

Minebea was second on the list with 18.03m shares traded and gained Y16 to Y810, while Nisshin Steel added Y9 to Y599 on 9.28m shares.

Major issues were lacklustre. Nippon Steel and Kawasaki Steel firmed Y1 to Y387 and Y5 to Y339 respectively.

Bonds eased in slow trading. Investors became increasingly cautious about price levels on the futures market and activity was curtailed as many dealers awaited the US trade figures.

On the cash market, the yield on the 5 per cent government bond due in December 1997 opened lower at 4.210 per cent, compared with Saturday's 4.240 per cent. Small-lot selling later pushed the yield up to 4.260 per cent by the close.

Share prices posted their fifth consecutive rise on the Osaka Securities Exchange. Speculative activity and interest in small-capitals lifted the OSE stock average 114.31 points to 24,204.31 on turnover totalling 67m shares, down 16m from Saturday.

Sunstar chalked up the maximum allowable daily increase, climbing Y100 to Y850 on expectations of brisk sales of a newly-developed drug.

Australia

AN EASIER overnight bullion price and Wall Street's fall on Friday sent Sydney shares to their lowest level since September 1986. Golds and other minerals led falls in thin turnover.

The All Ordinaries index finished 16 down at 1,203.5, its lowest since September 18, 1986, and just below its post-crash nadir of 1,203.9 last November 10. The gold index lost 58.9, or four per cent, to 1,409.9.

Among golds, Metana shed 70 cents to A$6.50, Placer 15 cents to A$1.30 and Western Mining 10 cents to A$4.03 on more than 7m shares.

Reports of a possible restructuring in the Bell group took Bell Resources down 6 cents to A$1.26 and Bell Group 8 cents lower to A$1.62.

Hong Kong

OVERSEAS selling and an absence of local support sent Hong Kong shares down steeply in turnover worth HK$520m, slightly higher than Friday's HK$417m. The Hang Seng index lost 59.03, or three per cent, to 2,223.56.

Properties and utilities were worst affected. Sino Land plunged 5 cents to 45 cents and Sino Realty 4½ cents to HK$41, while Hongkong Telecom dropped 30 cents to HK$6.85.

Singapore

SHORT-COVERING and late bargain-hunting pared sharp early losses but shares still ended easier across the board.

The Straits Times industrial index lost 10.63 to 869.22 after falling 20.48 points. Continued concern over the US move to withdraw duty-free trading privileges from Singapore and political uncertainty in Malaysia depressed sentiment.

FT – ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY FEBRUARY 8 1988					FRIDAY FEBRUARY 5 1988			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987/88 High	1987/88 Low	Year ago (approx)
Australia (93)	93.74	−1.6	79.19	87.76	5.17	95.23	80.43	88.96	180.81	85.36	105.47
Austria (16)	86.33	−0.7	72.93	76.18	2.75	86.96	73.44	76.30	102.87	85.53	94.87
Belgium (48)	116.69	+4.8	98.58	102.45	4.65	111.39	94.07	97.65	134.89	94.63	103.39
Canada (127)	108.05	−0.6	91.28	99.06	3.28	108.70	91.80	99.76	141.78	98.15	118.48
Denmark (38)	114.91	+0.2	97.07	101.35	2.92	114.74	96.90	101.24	124.83	98.18	120.29
Finland (23)	110.16	−0.7	93.06	95.28	1.78	110.95	93.70	95.33	–	–	–
France (123)	78.60	−0.2	66.40	70.55	4.23	78.77	66.53	70.80	121.82	72.77	110.25
West Germany (94)	70.32	+0.9	59.41	61.97	2.98	69.71	58.87	61.54	104.93	67.78	90.98
Hong Kong (46)	84.90	−2.6	71.72	85.04	4.98	87.18	73.63	87.28	158.68	73.92	106.72
Ireland (14)	106.41	−3.1	89.89	95.50	4.75	109.86	92.78	98.72	160.22	93.50	115.38
Italy (94)	64.50	−1.7	54.49	60.09	3.19	65.58	55.39	61.18	112.11	64.50	99.37
Japan (457)	148.87	+0.6	125.76	121.06	0.58	147.98	124.98	120.62	161.28	100.00	115.26
Malaysia (36)	109.46	−1.6	92.47	108.66	3.44	111.22	93.93	109.81	193.64	93.76	119.99
Mexico (14)	137.60	+0.0	116.24	342.41	1.04	137.54	116.16	342.41	422.59	90.07	122.15
Netherland (37)	96.16	−1.3	81.23	83.54	5.39	97.44	82.29	84.79	131.41	87.70	104.08
New Zealand (24)	66.90	−0.7	56.51	53.54	6.13	67.35	56.88	53.52	138.99	66.89	89.26
Norway (24)	99.52	+0.0	84.07	86.69	3.15	99.53	84.06	86.53	185.01	95.51	111.23
Singapore (26)	99.68	−1.7	84.21	92.72	2.61	101.43	85.66	94.26	174.28	81.21	107.57
South Africa (61)	120.57	−0.7	101.85	76.40	5.46	121.37	102.50	76.90	198.09	100.00	111.06
Spain (43)	135.87	+0.6	114.78	116.88	3.49	135.04	114.05	116.42	168.81	100.00	114.19
Sweden (34)	107.27	+0.2	90.62	96.19	2.60	107.04	90.40	96.10	136.64	88.50	97.24
Switzerland (53)	78.59	+0.4	66.39	67.51	2.47	78.25	66.08	67.45	111.11	73.65	98.66
United Kingdom (328)	123.09	−2.6	103.98	103.98	4.51	126.31	106.67	106.67	162.87	99.65	116.39
USA (587)	101.78	−0.7	85.98	101.78	3.67	102.55	86.61	102.55	137.42	91.21	114.80
Europe (969)	97.40	−1.2	82.28	84.51	4.03	98.54	83.22	85.55	130.02	92.25	106.31
Pacific Basin (682)	144.25	+0.5	121.86	118.39	0.78	143.56	121.24	118.07	158.77	100.00	114.46
Euro – Pacific (1651)	125.53	+0.0	106.04	104.89	1.80	125.57	106.05	105.10	143.65	100.00	111.22
North America (714)	102.11	−0.7	86.26	101.64	3.65	102.88	86.88	102.41	137.55	91.68	114.99
Europe Ex. UK (641)	81.46	+0.2	68.82	72.24	3.59	81.32	68.68	72.23	111.97	78.89	95.13
Pacific Ex. Japan (225)	88.62	−1.8	74.87	83.82	4.99	90.29	76.26	85.23	164.03	82.92	104.26
World Ex. US (1853)	124.89	−0.1	105.50	104.51	1.88	124.96	105.53	104.74	143.38	100.00	111.49
World Ex. UK (2112)	115.24	+0.0	97.36	103.49	2.27	115.30	97.38	103.67	138.82	100.00	112.44
World Ex. So. Af. (2379)	115.90	−0.3	97.91	103.72	2.46	116.24	98.17	104.14	139.47	100.00	112.80
World Ex. Japan (1983)	100.15	−0.9	84.60	94.66	3.84	101.08	85.36	95.56	134.22	92.98	111.61
The World Index (2440)	115.93	−0.3	97.94	103.53	2.48	116.27	98.20	103.95	139.73	100.00	112.79

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local).
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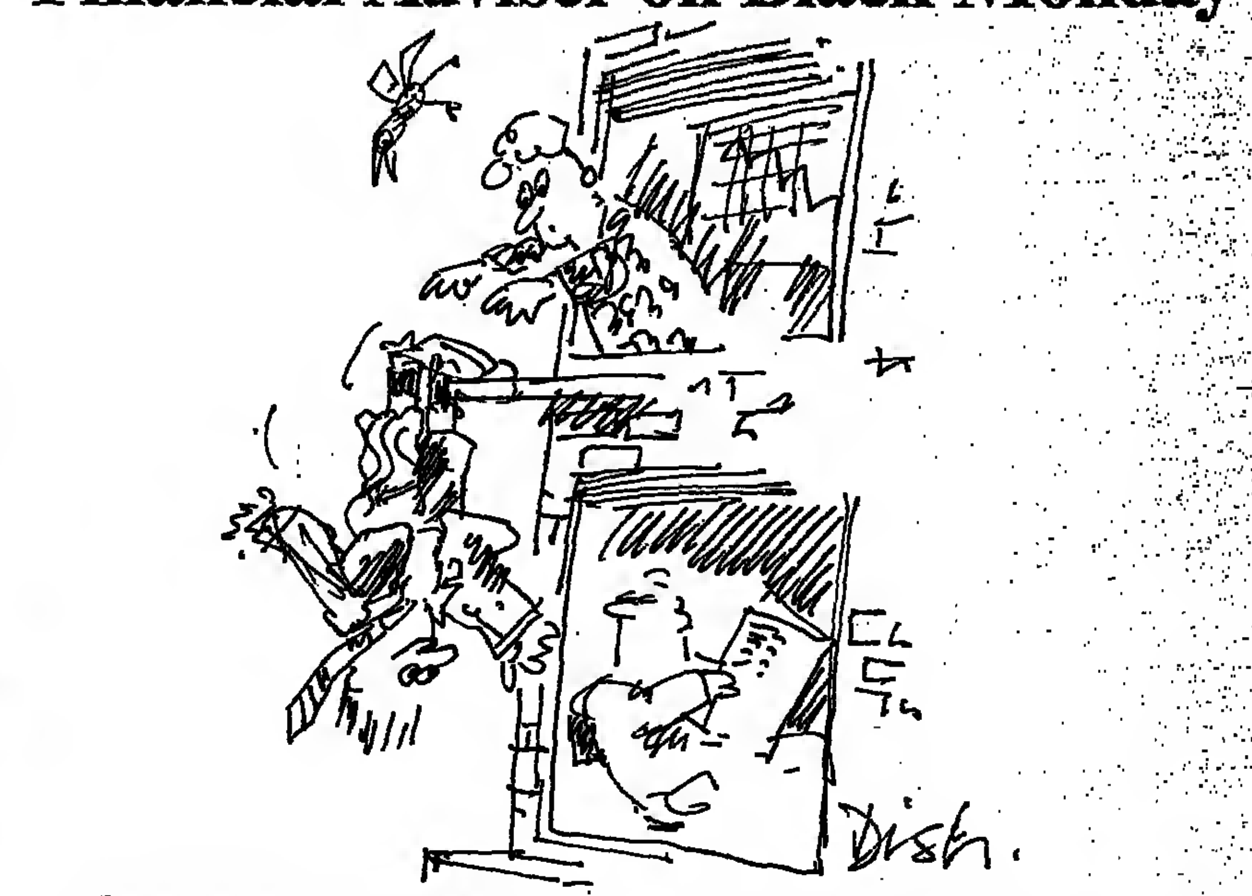
Mexican market closed February 5.

You can tell who wasn't reading Financial Adviser on Black Monday



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